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ABSTRACT

This volume presents the report of the Committee on Education and the Workforce regarding the Higher Education Amendments of 1998, including additional and dissenting views. The report, which features both the text of the amendments and the Committee's review of them, covers the following sections of the proposed legislation (H.R. 6), set to go into effect October 1, 1998: Title I - General Provisions; Title II - Postsecondary Education Improvement Programs; Title III - Institutional Aid; Title IV - Student Assistance (including grants, the federal family education loan program, federal work-study programs, William D. Ford Direct Loan Program, federal Perkins loans, need analysis, general provisions, and program integrity); Title V - Developing Institutions; Title VI - International and Graduate Education Programs; Title VII - Construction, Reconstruction, and Renovation of Academic Facilities; Title VIII - Additional Provisions; Title IX - Amendments to Other Laws (including Education of the Deaf Act); and Title X - Faculty Retirement Provisions. Additional views are offered regarding the reporting of student costs, market forces and loan programs, teacher training, student loan program fees, and the constitutionality of several of H.R. 6's elements. (MAB)

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ED 420 294

105th Congress
2d Session

HOUSE OF REPRESENTATIVES

Report
105-481

HIGHER EDUCATION AMENDMENTS OF 1998

REPORT

OF THE

COMMITTEE ON
EDUCATION AND THE WORKFORCE
HOUSE OF REPRESENTATIVES

ON

H.R. 6

together with

ADDITIONAL AND DISSENTING VIEWS

[Including cost estimate of the Congressional Budget Office]

April 17, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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105TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
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REPORT
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HIGHER EDUCATION AMENDMENTS OF 1998

APRIL 17, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GOODLING, from the Committee on Education and the Workforce, submitted the following

REPORT

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 6]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 6) to extend the authorization of programs under the Higher Education Act of 1965, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Higher Education Amendments of 1998".

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.
Sec. 4. General effective date.

TITLE I—GENERAL PROVISIONS

PART A—EXTENSION AND REVISION OF GENERAL PROVISIONS

Sec. 101. Redesignation and transfer of provisions.
Sec. 102. Definitions.
Sec. 103. Regulatory reform.

PART B—PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

Sec. 111. Performance-based organization for the delivery of Federal student financial assistance.

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

Sec. 201. Urban community service.
Sec. 202. Fund for the Improvement of Postsecondary Education.
Sec. 203. Grants to States for workplace and community transition training for incarcerated youth offenders.
Sec. 204. Advanced placement fee payment program.
Sec. 205. Teacher quality enhancement grants.
Sec. 206. Additional repeal.

TITLE III—INSTITUTIONAL AID

Sec. 301. Strengthening institutions.
Sec. 302. Historically black colleges and universities.
Sec. 303. Minority science and engineering improvement program.
Sec. 304. General provisions.

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

Sec. 401. Pell grants.
Sec. 402. Federal TRIO programs.
Sec. 403. National early intervention and partnership program.
Sec. 404. Repeals.
Sec. 405. Establishment of new programs.
Sec. 406. Federal supplemental educational opportunity grants.
Sec. 407. Grants to States for State student incentives.
Sec. 408. Special programs for students whose families are engaged in migrant and seasonal farmwork.
Sec. 409. Byrd scholarships.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

Sec. 411. Limitation repealed.
Sec. 412. Advances to reserve funds.
Sec. 413. Guaranty agency reforms.
Sec. 414. Scope and duration of program.
Sec. 415. Limitations on individual federally insured loans and Federal loan insurance.
Sec. 416. Applicable interest rates.
Sec. 417. Federally guaranteed student loans.
Sec. 418. Voluntary agreements with guaranty agencies.
Sec. 419. Federal consolidation loans.
Sec. 420. Disbursement.
Sec. 421. Unsubsidized Stafford loans.
Sec. 422. Repeal of loan forgiveness.
Sec. 423. Legal powers and responsibilities.
Sec. 424. Student loan information.
Sec. 425. Definitions.
Sec. 426. Discharge.
Sec. 427. Cancellation of loans for certain public service.
Sec. 428. Debt management options.
Sec. 429. Special allowances.

PART C—FEDERAL WORK-STUDY PROGRAMS

Sec. 435. Amendments to part C.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

Sec. 436. Selection of institutions.
Sec. 437. Terms and conditions.
Sec. 438. Contracts.
Sec. 439. Funds for administrative expenses.
Sec. 440. Authority to sell loans.
Sec. 441. Cancellation of loans for certain public service.

PART E—FEDERAL PERKINS LOANS

Sec. 445. Amendments to part E.

PART F—NEED ANALYSIS

Sec. 446. Cost of attendance.
Sec. 447. Data elements.
Sec. 448. Family contribution for dependent students.
Sec. 449. Family contribution for independent students without dependents other than a spouse.
Sec. 450. Family contribution for independent students with dependents other than a spouse.
Sec. 451. Regulations; updated tables and amounts.
Sec. 452. Discretion of student financial aid administrators.
Sec. 453. Treatment of other financial assistance.

PART G—GENERAL PROVISIONS

Sec. 461. Definitions.
Sec. 462. Master calendar.
Sec. 463. Forms and regulations.
Sec. 464. Student eligibility.
Sec. 465. State court judgments.
Sec. 466. Information for students.
Sec. 467. National student loan data system.
Sec. 468. Program participation agreements.
Sec. 469. Quality assurance and regulatory simplification.
Sec. 470. Distance education demonstration programs.
Sec. 471. Garnishment requirements.
Sec. 472. Administrative subpoena authority.
Sec. 473. Advisory committee on student financial assistance.
Sec. 474. Meetings and negotiated rulemaking.

PART H—PROGRAM INTEGRITY

Sec. 476. State postsecondary review program.
Sec. 477. Accrediting agency recognition.
Sec. 478. Eligibility and certification procedures.
Sec. 479. Program review and data.

TITLE V—DEVELOPING INSTITUTIONS

Sec. 501. Establishment of new title V.

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

Sec. 601. International and foreign language studies.
Sec. 602. Business and international education programs.
Sec. 603. Institute for international public policy.
Sec. 604. General provisions.
Sec. 605. Transfer and reauthorization of graduate assistance in areas of national need program.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Sec. 701. Extension of prior rights and obligations.
Sec. 702. Repeal of part A.
Sec. 703. Extension of authorization of part B.
Sec. 704. Extension of authorization of part C.

TITLE VIII—ADDITIONAL PROVISIONS

Sec. 801. Study of transfer of credits.
Sec. 802. Study of market mechanisms in Federal student loan programs.
Sec. 803. Improvements in market information and public accountability in higher education.
Sec. 804. Differential regulation.
Sec. 805. Annual report on cost of higher education.
Sec. 806. Repeals of previous higher education amendments provisions.
Sec. 807. Limitation.

TITLE IX—AMENDMENTS TO OTHER LAWS

PART A—EDUCATION OF THE DEAF ACT

SUBPART 1—GALLAUDET UNIVERSITY

Sec. 901. Board of Trustees membership.
Sec. 902. Elementary and secondary education programs.
Sec. 903. Agreement with Gallaudet University.

SUBPART 2—NATIONAL INSTITUTE FOR THE DEAF

Sec. 911. Agreement for the National Technical Institute for the Deaf.

SUBPART 3—GENERAL PROVISIONS

Sec. 921. Definitions.
Sec. 922. Audits.
Sec. 923. Reports.
Sec. 924. Monitoring, evaluation, and reporting.
Sec. 925. Responsibility of the liaison.
Sec. 926. Federal endowment programs.
Sec. 927. Scholarship program.
Sec. 928. Oversight and effect of agreements.
Sec. 929. International students.
Sec. 930. Authorization of appropriations.

PART B—EXTENSION AND REVISION OF INDIAN HIGHER EDUCATION PROGRAMS

Sec. 951. Tribally controlled colleges and universities.
Sec. 952. Reauthorization of provisions from Higher Education Amendments of 1992.
Sec. 953. Reauthorization of Navajo Community College Act.

TITLE X--FACULTY RETIREMENT PROVISIONS

Sec. 1001. Voluntary retirement incentive plans.

SEC. 3. REFERENCES.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

SEC. 4. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this Act or the amendments made by this Act, the amendments made by this Act shall take effect on October 1, 1998.

TITLE I—GENERAL PROVISIONS

PART A—EXTENSION AND REVISION OF GENERAL PROVISIONS

SEC. 101. REDESIGNATION AND TRANSFER OF PROVISIONS.

(a) IN GENERAL.—

(1) REPEAL OF TITLE I.—Title I (20 U.S.C. 1001 et seq.) is repealed.

(2) REPEAL OF TITLE XII PROVISIONS.—The following sections of title XII are repealed: sections 1206, 1211, and 1212 (20 U.S.C. 1145a, 1145e, 1145f)

(3) REDESIGNATIONS.—

(A) Title XII is redesignated as title I.

(B) Sections 1201, 1202, and 1203 (20 U.S.C. 1141, 1142, 1143) are redesignated as sections 101, 102, and 103, respectively.

(C) Section 1204(b), as redesignated by section 251 of the Higher Education Amendments of 1968 (20 U.S.C. 1144(b); 82 Stat. 1042), is redesignated as section 104.

(D) Section 1204, as added by section 1201 of the Education Amendments of 1980 (20 U.S.C. 1144a; 94 Stat. 1495), is redesignated as section 105.

(E) Sections 1205, 1207, 1208, 1209, 1210, and 1213 (20 U.S.C. 1145, 1145b, 1145c, 1145d, 1145d-1, and 1145g) are redesignated as sections 106 through 111, respectively.

(4) TRANSFER.—Title I (including sections 101 through 111), as redesignated by paragraph (3), is transferred to immediately follow the short title of the Higher Education Act of 1965 (20 U.S.C. 1001 note).

(b) INTERNAL CROSS-REFERENCES.—The Higher Education Act of 1965 is amended—

(1) in section 106 (as redesignated by subsection (a)(3)), by striking "481(a)" and inserting "101(a)";

(2) in section 485(f)(1)(I), by striking "section 1213" and inserting "section 111";

(3) in section 498(j)(2), by striking "section 1201(a)(2)" and inserting "section 101(a)(2)";

(4) in section 591(d)(2), by striking "section 1201(a)" and inserting "section 101(a)(1)"; and

(5) in section 631(a)(8), by striking "section 1201(a)" each place it appears and inserting "section 101(a)(1)".

(c) CONFORMING AMENDMENTS.—

(1) TITLE 10, UNITED STATES CODE.—Sections 2193(c)(1) and 2199(2) of title 10, United States Code, are each amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(2) TITLE 18, UNITED STATES CODE.—Section 207(j)(2)(B) of title 18, United States Code, is amended by striking "1201(a)" and inserting "101(a)(1)".

(3) TITLE 39, UNITED STATES CODE.—Section 3626(b)(3) of title 39, United States Code, is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(4) ANTI-DRUG ABUSE ACT OF 1988.—Section 3601(7) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11851(7)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(5) CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT.—Section 457(9) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12899f(9)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(6) DEPARTMENT OF STATE AUTHORIZATION ACT, FISCAL YEARS 1984 AND 1985.—Section 803(1) of the Department of State Authorization Act, Fiscal Years 1984 and 1985 (22 U.S.C. 4502(1)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(7) EDUCATION FOR ECONOMIC SECURITY ACT.—Section 3(6) of the Education for Economic Security Act (20 U.S.C. 3902(6)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(8) ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965.—The Elementary and Secondary Education Act of 1965 is amended—

(A) in section 7501(4) (20 U.S.C. 7601(4)) by striking "1201(a)" and inserting "101(a)(1)"; and

(B) in section 14101(17) (20 U.S.C. 8801(17)), by striking "1201(a)" and inserting "101(a)(1)".

(9) FEDERAL AGRICULTURE IMPROVEMENT AND REFORM ACT OF 1996.—Section 922 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2279c) is amended in subsections (a)(1)(B) and (b)(1) by striking "1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)" and inserting "101(a)(1) of the Higher Education Act of 1965".

(10) FOLLOW THROUGH ACT.—Section 670G(5) of the Follow Through Act (42 U.S.C. 9877(5)) is amended by striking "1201 of the Higher Education Act of 1965" and inserting "101(a)(1) of the Higher Education Act of 1965".

(11) FOOD AND AGRICULTURE ACT OF 1977.—Section 1417(h)(1)(A) of the Food and Agriculture Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(12) FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1986 AND 1987.—Section 603(d) of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (20 U.S.C. 4703(d)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(13) GENERAL EDUCATION PROVISIONS ACT.—Section 429(d)(2)(B)(ii) of the General Education Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(14) HARRY S TRUMAN MEMORIAL SCHOLARSHIP ACT.—Section 3(4) of the Harry S Truman Memorial Scholarship Act (20 U.S.C. 2002(4)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(15) HEAD START ACT.—Section 649(c)(3) of the Head Start Act (42 U.S.C. 9844(c)(3)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(16) HIGHER EDUCATION AMENDMENTS OF 1992.—Section 1371(a)(1)(B) of the Higher Education Amendments of 1992 (25 U.S.C. 3371(a)(1)(B)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(17) INTELLIGENCE AUTHORIZATION ACT, FISCAL YEAR 1992.—Section 808(3) of the Intelligence Authorization Act, Fiscal Year 1992 (20 U.S.C. 1908(3)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(18) JOB TRAINING PARTNERSHIP ACT.—The Job Training Partnership Act is amended—

(A) in section 4(12) (29 U.S.C. 1503(12)), by striking "1201(a)" and inserting "101(a)(1)"; and

(B) in section 141(d)(3)(B) (29 U.S.C. 1551(d)(3)(B)), by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(19) JUSTICE SYSTEM IMPROVEMENT ACT OF 1979.—Section 901(a)(17) of the Justice System Improvement Act of 1979 (42 U.S.C. 3791(a)(17)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(20) MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961.—Section 112(a)(8) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2460(a)(8)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(21) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—Sections 101(13) and 166(6) of the National and Community Service Act of 1990 (42 U.S.C. 12511(13); 12626(6)) are each amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101 of the Higher Education Act of 1965".

(22) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1987.—Section 1403(4) of the National Defense Authorization Act for Fiscal Year 1987 (20 U.S.C. 4702(4)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(23) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993.—The National Defense Authorization Act for Fiscal Year 1993 is amended in section 4451(b)(1) (10 U.S.C. 2701 note) by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)" and inserting "101(a)(1) of the Higher Education Act of 1965".

(24) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEARS 1992 AND 1993.—Section 3132(b)(1) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (42 U.S.C. 7274e(b)(1) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)" and inserting "101(a)(1) of the Higher Education Act of 1965".

(25) NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994.—The National Defense Authorization Act for Fiscal Year 1994 is amended—

(A) in section 841(c)(2) (10 U.S.C. 2324(2) note), by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965";

(B) in section 1333(i)(3) (10 U.S.C. 2701 note), by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965"; and

(C) in section 1334(k)(3) (10 U.S.C. 2701 note), by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(26) NATIONAL EDUCATION STATISTICS ACT OF 1994.—Section 402(c)(3) of the National Education Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(27) OLDER AMERICANS ACT OF 1965.—Section 102(32) of the Older Americans Act of 1965 (42 U.S.C. 3002(32)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(28) OMNIBUS PARKS AND PUBLIC LANDS MANAGEMENT ACT OF 1996.—Section 1007(c)(5) of the Omnibus Parks and Public Lands Management Act of 1996 (16 U.S.C. 698u–5) is amended by striking "1201(a) of the Higher Education Act of

1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(29) PUBLIC LAW 85 OF THE 67TH CONGRESS.—Public Law 85 of the 67th Congress (42 Stat. 208; 25 U.S.C. 13), popularly referred to as the Snyder Act, is amended by striking "1201" and inserting "101(a)(1)".

(30) COMMUNICATION ACT OF 1934.—Section 223(h)(4) of the Communication Act of 1934 (47 U.S.C. 223(h)(4)) is amended by striking "1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)" and inserting "101(a)(1) of the Higher Education Act of 1965".

(31) FEDERAL WATER POLLUTION CONTROL ACT.—Section 112(a)(1) of the Federal Water Pollution Control Act (33 U.S.C. 1262(a)(1)) is amended by striking "1201" and inserting "101(a)(1)".

(32) CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT.—Section 347(2)(A) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2394(2)(A)) is amended by striking "1201(a)" and inserting "101(a)(1)".

(33) ENERGY POLICY AND CONSERVATION ACT.—Section 362(f)(5)(A) of the Energy Policy and Conservation Act (42 U.S.C. 6322(f)(5)(A)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(34) JAMES MADISON MEMORIAL FELLOWSHIP ACT.—Section 815 of the James Madison Memorial Fellowship Act (20 U.S.C. 4514) is amended—

(A) in paragraph (3), by striking "1201(a)" and inserting "101(a)(1)"; and

(B) in paragraph (4), by striking "1201(d)" and inserting "101(a)(1)".

(35) REHABILITATION ACT OF 1973.—Sections 7(32) and 101(a)(7)(A)(iv)(II) of the Rehabilitation Act of 1973 (29 U.S.C. 706(32); 29 U.S.C. 721(a)(7)(A)(iv)(II)) are each amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(36) TECHNOLOGY RELATED ASSISTANCE FOR INDIVIDUALS WITH DISABILITIES ACT OF 1988.—Section 3(8) of the Technology Related Assistance for Individuals with Disabilities Act of 1988 (29 U.S.C. 2202(8)) is amended by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(37) TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978.—The Tribally Controlled Community College Assistance Act of 1978 is amended—

(A) in section 2(a)(5) (25 U.S.C. 1801(a)(5)), by striking "1201(a)" and inserting "101(a)(1)"; and

(B) in section 113(b)(2) (25 U.S.C. 1813(b)(2)), by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965".

(38) VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994.—The Violent Crime Control and Law Enforcement Act of 1994 is amended—

(A) in sections 200103 and 200202 (42 U.S.C. 14092; 14111), by striking "1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))" and inserting "101(a)(1) of the Higher Education Act of 1965"; and

(B) in section 30401(b) (42 U.S.C. 13791(b)), by striking "a public" through "that Act" and inserting "an elementary school as defined in section 14101(14) of the Elementary and Secondary Education Act of 1965, and a secondary school as defined by section 14101(25) of such Act, which are public institutions".

(39) SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994.—Section 4 of the School-to-Work Opportunities Act of 1994 (20 U.S.C. 6103) is amended—

(A) in paragraph (11)(B)(viii), by striking "section 481(b)" and inserting "section 101(a)(3)"; and

(B) in paragraph (12), by striking "section 481" and inserting "section 101(a)(2)";

(40) NATIONAL AND COMMUNITY SERVICE ACT OF 1990.—SECTION 148(G) OF THE NATIONAL AND COMMUNITY SERVICE ACT OF 1990 (42 U.S.C. 12604(G)) IS AMENDED BY STRIKING "SECTION 481(A) OF THE HIGHER EDUCATION ACT OF 1965 (20 U.S.C. 1088(A))" AND INSERTING "SECTION 101(A)(2) OF THE HIGHER EDUCATION ACT OF 1965".

SEC. 102. DEFINITIONS.

(a) INSTITUTION OF HIGHER EDUCATION.—Section 101 (as redesignated by section 101(a)(3) of this Act) is amended by striking subsections (a) and (b) and inserting the following:

"(a) INSTITUTION OF HIGHER EDUCATION.—

"(1) IN GENERAL.—Subject to paragraphs (2) through (4) of this subsection:

"(A) PRINCIPAL CRITERIA.—[illegible] term 'institution of higher education' means an educational institution [illegible] any State that—

"(i) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

"(ii) is legally authorized within such State to provide a program of education beyond secondary education;

"(iii) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program that is acceptable for full credit toward such a degree;

"(iv) is a public or other nonprofit institution; and

"(v) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.

"(B) ADDITIONAL INSTITUTIONS INCLUDED.—The term 'institution of higher education' also includes—

"(i) any school that provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of clauses (i), (ii), (iv), and (v) of subparagraph (A); and

"(ii) a public or nonprofit private educational institution in any State that, in lieu of the requirement in subparagraph (A)(i), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

"(C) LIST OF ACCREDITING AGENCIES.—For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that he determines, pursuant to subpart 2 of part H of title IV of this Act, to be reliable authority as to the quality of the education or training offered.

"(2) DEFINITION FOR PURPOSES OF TITLE IV PROGRAMS.—

"(A) INCLUSION OF ADDITIONAL INSTITUTIONS.—Subject to subparagraphs (B) through (D) of this paragraph, the term 'institution of higher education' for purposes of title IV of this Act includes, in addition to the institutions covered by the definition in paragraph (1) of this subsection—

"(i) a proprietary institution of higher education;

"(ii) a postsecondary vocational institution; and

"(iii) only for the purposes of part B of title IV, an institution outside the United States that is comparable to an institution of higher education as defined in paragraph (1) of this subsection and that has been approved by the Secretary for the purpose of part B of title IV.

"(B) INSTITUTIONS OUTSIDE THE UNITED STATES.—

"(i) For the purpose of qualifying as an institution under subparagraph (A)(iii) of this paragraph, the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in paragraph (1) of this subsection. In the case of a graduate medical school outside the United States, such criteria shall include a requirement that a student attending a graduate medical school outside the United States is ineligible for loans made, insured, or guaranteed under part B of this title unless—

"(I)(aa) at least 60 percent of those enrolled and at least 60 percent of the graduates of the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

"(bb) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

"(II) the institution's clinical training program was approved by a State as of January 1, 1992.

"(ii) For the purpose of qualifying as an institution under subparagraph (A)(iii) of this paragraph, the Secretary shall establish an advisory panel of medical experts that shall—

"(I) evaluate the standards of accreditation applied to applicant foreign medical schools; and

"(II) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

If such accreditation standards are determined not to be comparable, the foreign medical school shall be required to meet the requirements of paragraph (1) of this subsection.

"(iii) The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by clause (i) of this subparagraph shall render such institution ineligible for the purpose of part B of title IV.

"(iv) If, pursuant to this subparagraph, an institution loses eligibility to participate in the programs under title IV, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

"(C) LIMITATIONS BASED ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if such institution—

"(i) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act;

"(ii) enrolls 50 percent or more of its students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this clause to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree;

"(iii) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the prohibition of this clause for a nonprofit institution that provides a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree or diploma, respectively; or

"(iv) has a student enrollment in which more than 50 percent of the students do not have a high school diploma or its recognized equivalent and does not provide a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree, respectively, except that the Secretary may waive the limitation contained in this clause if a nonprofit institution demonstrates to the satisfaction of the Secretary that it exceeds such limitation because it serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a high school diploma or its recognized equivalent.

"(D) LIMITATIONS BASED ON MANAGEMENT.—An institution shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if—

"(i) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy; or

"(ii) the institution, its owner, or its chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under title IV, or has been judicially determined to have committed fraud involving funds under title IV.

"(E) CERTIFICATION.—The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 2 of part H.

"(F) Loss of eligibility.—An institution of higher education shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if such institution is removed from eligibility for funds under title IV as a result of an action pursuant to part H of title IV.

"(3) Proprietary institution of higher education.—

"(A) Principal criteria.—For the purpose of this subsection, the term 'proprietary institution of higher education' means a school that—

"(i) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

"(ii) meets the requirements of clauses (i) and (ii) of paragraph (1)(A) of this subsection;

"(iii) does not meet the requirement of clause (iv) of paragraph (1)(A) of this subsection;

"(iv) is accredited by a nationally recognized accrediting agency or association approved by the Secretary pursuant to part H of title IV;

"(v) has been in existence for at least 2 years; and

"(vi) has at least 15 percent of its revenues from sources that are not derived from funds provided under title IV, as determined in accordance with regulations prescribed by the Secretary.

In determining such 15 percent of revenues for purposes of clause (vi), funds from programs of education and training that do not meet the definition of an eligible program in section 481(b), but are provided on a contractual basis under Federal, State, or local training programs, or under specialized business and industry training requests, shall be counted.

"(B) Additional institutions.—The term 'proprietary institution of higher education' also includes a proprietary educational institution in any State that, in lieu of the requirement in clause (i) of paragraph (1)(A) of this subsection, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

"(4) Postsecondary vocational institution.—

"(A) Principal criteria.—For the purpose of this subsection, the term 'postsecondary vocational institution' means a school that—

"(i) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

"(ii) meets the requirements of clauses (i), (ii), (iv), and (v) of paragraph (1)(A) of this subsection; and

"(iii) has been in existence for at least 2 years.

"(B) Additional institutions.—The term 'postsecondary vocational institution also includes an educational institution in any State that, in lieu of the requirement in clause (i) of paragraph (1)(A) of this subsection, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

"(b) State; Freely Associated States.—

"(1) State.—The term 'State' includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States.

"(2) Freely associated states.—The term 'Freely Associated States' means the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia.".

(b) Conforming Amendments.—

(1) Section 481 (20 U.S.C. 1088) is amended—

(A) by striking subsections (a), (b), and (c); and

(B) by redesignating subsections (d) through (f) as subsections (a) through (c), respectively.

(2) Each of the following provisions are amended by striking "section 481" and inserting "section 101(a)(2)": sections 435(a)(1), 487(d), and 496(j) and (k).

(3) Section 498(i) (20 U.S.C. 1099c) is amended by striking "section 481 (other than the requirements in subsections (b)(5) and (c)(3))" and inserting "section 101(a) (other than the requirements in paragraphs (3)(A)(v) and (4)(A)(iii))".

(4) Section 498(j) is amended by striking "sections 481(b)(5) and 481(c)(3)" and inserting "paragraphs (3)(A)(v) and (4)(A)(iii) of section 101(a)".

(5) Section 105(b) (as redesignated by section 101(a)(3)(D)) is amended by adding at the end the following new sentence: "This subsection shall cease to be effective on October 1, 2001.".

SEC. 103. REGULATORY REFORM.

Title I is amended by adding at the end the following new section:

"SEC. 113. REGULATORY REFORM.

"(a) BIENNIAL REVIEW OF REGULATIONS.—In every even-numbered year (beginning with 1998), the Secretary—

"(1) shall review all regulations issued under title IV of the Higher Education Act of 1965 in effect at the time of the review that apply to the operations or activities of any participant in those programs; and

"(2) shall determine whether any such regulation is no longer necessary in the public interest.

"(b) EFFECT OF DETERMINATION.—The Secretary shall repeal, consolidate, simplify, or otherwise modify any regulation the Secretary determines to be no longer necessary in the public interest.

"(c) REPORT TO CONGRESS.—The Secretary shall report to the Congress any legislative changes necessary to permit regulatory simplification under this section.".

PART B—PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

SEC. 111. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

Title I (as amended by part A of this title) is amended—

(1) by striking the heading of such title and inserting the following:

"TITLE I—GENERAL AND ADMINISTRATIVE PROVISIONS

"PART A—GENERAL PROVISIONS";

and

(2) by adding at the end the following new part:

"PART B—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

"SEC. 131. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

"(a) ESTABLISHMENT AND PURPOSE.—

"(1) ESTABLISHMENT.—There is established in the Department a Performance-Based Organization (hereafter referred to as the 'PBO') which shall be a discrete management unit responsible for managing the information systems supporting the programs authorized under title IV of this Act, as specified in subsection (b).

"(2) PURPOSES.—The purposes of the PBO are—

"(A) to improve the level of service to students and participants in the programs;

"(B) to reduce the costs of administering the Federal student financial assistance programs authorized under title IV;

"(C) to increase the accountability of the officials responsible for administering the operational aspects of these programs;

"(D) to provide greater flexibility in the management of the operational functions of the Federal student financial assistance programs;

"(E) to integrate the information systems supporting the Federal student financial assistance programs; and

"(F) to implement an open, common, integrated system for the delivery of student financial assistance under title IV.

"(b) AUTHORITY.—

"(1) AUTHORITY OF SECRETARY.— Notwithstanding any other provision of this Act, the Secretary shall maintain responsibility for the development and promulgation of policy relating to the programs of student financial assistance under title IV. In the exercise of its functions, the PBO shall be subject to the direction of the Secretary. The Secretary shall—

"(A) request the advice of, and work in cooperation with, the Chief Operating Officer in developing regulations, policies, administrative guidance, or procedures affecting the information systems administered by the PBO, and other functions performed by the PBO;

"(B) request cost estimates from the Chief Operating Officer for system changes required by specific policies proposed by the Secretary;

"(C) consider the Chief Operating Officer's comments and estimates prior to finalizing such regulations, policies, administrative guidance, or procedures;

"(D) assist the Chief Operating Officer in identifying goals for the administration and modernization of the delivery system for student financial assistance under title IV; and

"(E) if necessary, arrange for additional funding to ensure that the PBO can efficiently perform its functions.

"(2) FUNCTIONS.—The PBO shall carry out the following functions:

"(A) All aspects of contracting for the data and information systems supporting student financial assistance under title IV, including the operational administration of the William D. Ford Federal Direct Loan Program, but not including the development of policy relating to such programs.

"(B) The administrative, accounting, and financial management functions of the delivery system for Federal student assistance, including—

"(i) the collection, processing and transmission of applicant data to students, institutions and authorized third parties, as provided for in section 483;

"(ii) technical specifications for software development and systems supporting the delivery of student financial assistance under title IV;

"(iii) information technology and systems infrastructure related to the delivery and management of student financial assistance under title IV;

"(iv) all software and hardware acquisitions and all information technology contracts related to the delivery and management of student financial assistance under title IV; and

"(v) all customer service, training and user support related to the functions described in clauses (i) through (iv).

"(C) Annual development of a budget for the operations and services of the PBO, in consultation with the Secretary, and for consideration and inclusion in the Department's annual budget submission.

"(D) Annual development of goals, in consultation with the Secretary, for the administration and modernization of the system for delivery of student financial assistance under title IV.

"(E) Other functions proposed by the Secretary, and agreed to by the Chief Operating Officer as are not inconsistent with the functions of the PBO.

"(3) INDEPENDENCE.—In carrying out its functions, the PBO shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions.

"(4) REVIEW OF PBO.—The PBO shall be subject to the usual and customary Federal audit procedures, and be subject to review by the Inspector General of the Department.

"(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of funding the administrative costs incurred by the PBO in administering systems supporting programs under this part, there are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and each of the 4 succeeding fiscal years, except that funds authorized under section 458 shall be made available to the PBO by the Secretary for administrative costs authorized to be funded under that section.

"(d) ORGANIZATIONAL REPORTS.—

"(1) PERFORMANCE PLAN.—Within 6 months of the hiring of the Chief Operating Officer, and every 12 months thereafter, the Secretary and the Chief Operating Officer of the Department shall develop a performance plan for the PBO that establishes measurable goals and objectives for the organization. In developing this performance plan, the Secretary and the Chief Operating Officer shall consult with the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Advisory Committee on Student Financial Assistance. The performance plan shall include a concise statement of goals for a modernized system for the delivery of student financial assistance under title IV and identify action steps necessary to achieve such goals. Such goals shall be used in evaluating the performance of the Chief Operating Officer and the PBO pursuant to paragraph (2).

"(2) ANNUAL ACCOUNTABILITY REPORT.—The Chief Operating Officer shall prepare and submit an annual accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. The accountability report shall include—

"(A) an independent financial audit of the expenditures of both the PBO and programs administered by it;

"(B) financial and performance requirements applicable to the PBO under the Chief Financial Officer Act of 1990 and the Government Performance and Results Act of 1993;

"(C) the results achieved by the PBO during the year relative to the goals established in the organization's performance plan;

"(D) the results of the evaluations of performance of the Chief Operating Officer and senior managers under subsections (e)(2) and (f)(2), including the amounts of bonus compensation awarded to these individuals;

"(E) a discussion of the effectiveness of coordination between the PBO and the Secretary;

"(F) recommendations for legislative and regulatory changes to improve service to students and their families, and to or improve program efficiency and integrity; and

"(G) other such information as the Director of the Office of Management and Budget shall prescribe for performance based organizations.

"(e) CHIEF OPERATING OFFICER.—

"(1) IN GENERAL.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed by the Secretary to a 5-year term and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code. The Secretary shall appoint the Chief Operating Officer within 6 months of the date of enactment of this part. The Secretary shall consult with the Chairmen of the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate prior to making an appointment. The appointment shall be made on the basis of demonstrated management ability and expertise in information technology, including extensive experience in the financial services industry, and without regard to political affiliation or activity. The Secretary may reappoint the Chief Operating Officer to subsequent terms so long as the performance of the Chief Operating Officer, as set forth in the performance agreement, is satisfactory or better. The Chief Operating Officer may be removed by—

"(A) the President; or

"(B) the Secretary, for misconduct or failure to meet performance goals set forth in the performance agreement in paragraph (2).

The President or Secretary shall communicate the reasons for any such removal to the appropriate committees of Congress.

"(2) PERFORMANCE AGREEMENT.—The Secretary and the Chief Operating Officer shall enter into an annual performance agreement which shall set forth measurable organization and individual goals for the Chief Operating Officer in key operational areas. The agreement shall be subject to review and renegotiation at the end of each term. The final agreement shall be transmitted to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, and made publicly available.

"(3) COMPENSATION.—The Chief Operating Officer is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(B) of such title 5. In addition, the Chief Operating Officer may receive a bonus in an amount up to, but not in excess of, 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the performance goals set forth in the performance agreement described in paragraph (2). Payment of a bonus under this paragraph may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the President's salary under section 102 of title 3, United States Code.

"(f) SENIOR MANAGEMENT.—

"(1) In general.—The Chief Operating Officer may appoint up to 5 senior managers as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(2) Performance agreement.—The Chief Operating Officer shall enter into an annual performance agreement with each senior manager appointed under this subsection which shall set forth measurable organization and individual goals in key operational areas. The agreement shall be subject to review and renegotiation at the end of each term.

"(3) Compensation.—The Chief Operating Officer is authorized to pay senior managers at an annual rate of basic pay not to exceed 75 percent of the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title 5. In addition, a senior manager may receive a bonus in an amount up to, but not in excess of, 50 percent of such annual rate of basic pay, based upon the Chief Operating Officer's evaluation of the manager's performance in relation to the performance goals set forth in the performance agreement described in paragraph (2).

"(g) Personnel Flexibility.—

"(1) Personnel ceilings.—The PBO shall not be subject to any ceiling relating to the number or grade of employees.

"(2) Administrative flexibility.—The Chief Operating Officer shall work with the Office of Personnel Management to develop and implement personnel flexibilities in staffing, classification, and pay that meet the needs of the PBO, subject to compliance with title 5, United States Code.

"(h) Establishment of a Fair and Equitable System for Measuring Staff Performance.—The PBO shall establish an annual performance management system, subject to compliance with title 5, United States Code and consistent with applicable provisions of law and regulations, which strengthens the organizational effectiveness of the PBO by providing for establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the performance plan of the PBO and its performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees.

"(i) Procurement Flexibility.—

"(1) In general.—Except as provided in this subsection, the PBO shall abide by all applicable Federal procurement laws and regulations when procuring property and services. The PBO shall—

"(A) enter into contracts for information systems supporting the programs authorized under title IV to carry out the functions set forth in subsection (b)(2); and

"(B) obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and set pay in accordance with such section.

"(2) Performance based servicing contracts.—The Chief Operating Officer shall, to the extent practicable, maximize the use of performance based servicing contracts, consistent with guidelines for such contracts published by the Office of Federal Procurement Policy, to achieve cost savings and improve service.

"(3) Fee for service arrangements.—The Chief Operating Officer shall, to the extent practicable and consistent with the purpose of the PBO, utilize services available outside of the Federal Government in the delivery of Federal student financial assistance. To achieve this purpose, the PBO is authorized to pay fees to an organization that are equivalent to those paid by other entities for such services, if the Chief Operating Officer determines that such organization currently provides an information system or service that meets the requirements of the PBO.

"(j) Focus Groups.—To facilitate information sharing and customer involvement, the Chief Operating Officer may establish focus groups composed of students, institutions, and other participants in the programs authorized by title IV to provide advice on student aid delivery matters.

"SEC. 132. ADMINISTRATIVE SIMPLIFICATION OF STUDENT AID DELIVERY.

"(a) In General.—The Secretary, and the Chief Operating Officer shall improve the efficiency and effectiveness of the student aid delivery system by encouraging and participating in the establishment of voluntary consensus standards and requirements for the electronic transmission of information necessary for the administration of programs under title IV.

"(b) ADOPTION OF VOLUNTARY CONSENSUS STANDARDS.—Except with respect to the common financial reporting form under section 483(a), the Secretary shall adopt voluntary consensus standards for transactions required under title IV, and common data elements for such transactions, to enable information to be exchanged electronically between systems administered by the Department and among participants in the Federal student aid delivery system.

"(c) REQUIREMENTS FOR ADOPTION OF VOLUNTARY CONSENSUS STANDARDS.—Any voluntary consensus standard adopted under this section shall—

"(1) be a standard that has been developed, adopted, or modified by a standard setting organization that is open to the participation of the various entities engaged in the delivery of Federal student financial assistance; and

"(2) be consistent with the objective of reducing the administrative costs of delivering student financial assistance under title IV.

"(d) PARTICIPATION IN STANDARD SETTING ORGANIZATIONS.—

"(1) The Chief Operating Officer shall participate in the activities of standard setting organizations in carrying out the provisions of this section.

"(2) The Chief Operating Officer shall encourage higher education groups seeking to develop common forms, standards, and procedures in support of the delivery of Federal student financial assistance to conduct these activities within a standard setting organization.

"(3) The Chief Operating Officer may pay necessary dues and fees associated with participating in standard setting organizations pursuant to this subsection from funds available under subsection (j).

"(e) PROCEDURES FOR ADOPTION AND IMPLEMENTATION OF VOLUNTARY CONSENSUS STANDARDS.—In adopting voluntary consensus standards and implementation timetables under this section, including modifications of existing standards, the Secretary shall follow the procedures for negotiated rulemaking in section 492.

"(f) INITIAL VOLUNTARY CONSENSUS STANDARDS TO BE ADOPTED.—Through coordinated participation between the Chief Operating Officer and standard setting organizations, the initial standards adopted by the Secretary shall include the following:

"(1) ELECTRONIC PERSONAL IDENTIFIER NUMBER.—The Secretary shall adopt standards for a single electronic personal identifier number for students receiving assistance under title IV.

"(2) ELECTRONIC SIGNATURE.—The Secretary, in coordination with the Secretary of Commerce, shall adopt standards specifying procedures for the electronic transmission and authentication of signatures with respect to transactions requiring a signature under title IV.

"(3) SINGLE INSTITUTIONAL IDENTIFIER.—The Secretary shall adopt standards for a single identifier for eligible institutions under title IV.

"(g) USE OF CLEARINGHOUSES.—Nothing in this section shall restrict the ability of participating institutions and lenders from using a clearinghouse to comply with the standards for the exchange of information established under this section.

"(h) APPLICABILITY TO CURRENT SYSTEMS.—

"(1) GENERAL RULE.—Except as provided in paragraph (2) and (3), this section shall apply to all Department of Education information systems supporting the delivery of programs under title IV no later than 12 months from the date of enactment of this part.

"(2) NATIONAL STUDENT LOAN DATA SYSTEM.—This section shall apply to sections 485B(e) and (f) no later than 18 months after the date of enactment of this part.

"(3) INTEGRATED POSTSECONDARY EDUCATION DATA SYSTEM.—The Secretary shall coordinate the adoption of voluntary consensus standards under this section to ensure that standards are compatible with the integrated postsecondary education data system (IPEDS).

"(i) DATA SECURITY.—Any entity that maintains or transmits information under a transaction covered by this section shall maintain reasonable and appropriate administrative, technical, and physical safeguards—

"(1) to ensure the integrity and confidentiality of the information; and

"(2) to protect against any reasonably anticipated security threats, or unauthorized uses or disclosures of the information.

"(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated in any fiscal year or made available from funds appropriated to carry out activities in this section in any fiscal year such sums as may be necessary to carry out the provisions of this section, except that if no funds are appropriated pursuant to this subsection, the Secretary shall make funds available to carry out this section from amounts appropriated for the operations and expenses of the Department of Education.

"(k) DEFINITIONS.—For purposes of this section:

"(1) The term 'voluntary consensus standard' means a standard developed or used by a standard setting organization accredited by the American National Standards Institute.

"(2) The term 'standard setting organization' means a standard setting organization accredited by the American National Standards Institute that develops standards for information transactions, data elements, or any other standard that is necessary to, or will facilitate, the implementation of this section.

"(3) For purposes of this section, the term 'clearinghouse' means a public or private entity that processes or facilitates the processing of nonstandard data elements into data elements conforming to standards adopted under this section.".

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

SEC. 201. URBAN COMMUNITY SERVICE.

(a) DESIGNATION OF TITLE.—The Higher Education Act of 1965 is amended by inserting at the end of title I (20 U.S.C. 1001 et seq.) the following:

"TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS"

(b) REDESIGNATION AND TRANSFER OF URBAN COMMUNITY SERVICE PROGRAM.—

(1) INTERNAL CROSS-REFERENCES.—Part A of title XI is amended—

(A) in section 1102(b), by striking "section 1104" and inserting "section 204";

(B) in section 1104(12), by striking "section 1103(a)(2)(B)" and inserting "section 203(a)(2)(B)"; and

(C) in section 1108(1), by striking "section 1103" and inserting "section 203".

(2) REDESIGNATION.—Part A of title XI (20 U.S.C. 1136 et seq.) is redesignated as part A of title II, and sections 1101 through 1109 are redesignated as sections 201 through 209.

(3) TRANSFER.—Part A of title II (including sections 201 through 209), as redesignated by paragraph (2), is transferred to immediately follow the heading inserted by subsection (a) of this section.

(4) REPEAL.—Part B of title XI (20 U.S.C. 1137 et seq.) and the heading of title XI are repealed.

(c) ALLOWABLE ACTIVITIES.—Section 204 (as redesignated by subsection (b)(2)) is amended by adding at the end the following new paragraph:

"(14) Improving access to technology in local communities.".

(d) DESIGNATION OF URBAN GRANT INSTITUTIONS.—Section 207 (as redesignated by subsection (b)(2)) is amended by adding at the end the following new sentence: "The information developed as a result of this section shall be made available to Urban Grant Institutions and to any other interested institution of higher education by any appropriate means, including the Internet.".

(e) AUTHORIZATION OF APPROPRIATIONS.—Section 209 (as redesignated by subsection (b)(2)) is amended by striking "1993" and inserting "1999".

SEC. 202. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) REDESIGNATION AND TRANSFER OF PROGRAMS.—

(1) REDESIGNATION.—Part A of title X (20 U.S.C. 1135 et seq.) is redesignated as part B of title II (as amended by section 201) and—

(A) sections 1001 through 1003 (20 U.S.C. 1135 et seq.) are redesignated as sections 221 through 223; and

(B) section 1011 (20 U.S.C. 1135a–11) is redesignated as section 224.

(2) TRANSFER.—Part B of title II (including sections 221 through 224), as redesignated by paragraph (1), is transferred to follow part A of title II.

(3) REPEAL.—Section 1004 and parts B, C, and D of title X (20 U.S.C. 1135a–3, 1135e et seq.) and the heading of title X are repealed.

(b) ENDOWMENT GRANTS.—Section 221(a) (as redesignated by subsection (a)(2)) is amended—

(1) by striking "and" at the end of paragraph (7);

(2) by striking the period at the end of paragraph (8) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(9) awarding an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of area program centers that foster the development of local affiliated chapters in high-poverty areas to improve graduation rates and postsecondary attendance through the provision of academic support services and scholarship assistance for the pursuit of postsecondary education.".

(c) SPECIAL PROJECTS.—Section 224 (as redesignated by subsection (a)(2)(B)) is amended—

(1) by striking paragraphs (1), (2), and (3) of subsection (c) and inserting the following:

"(1) institutional restructuring to improve learning and promote productivity, efficiency, quality improvement, and cost and price control;

"(2) articulation agreements between two-year and four-year institutions;

"(3) evaluation and dissemination of model programs; and

"(4) international cooperation and student exchange among postsecondary educational institutions."; and

(2) by striking subsection (d).

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) COMBINATION OF SUBPARTS.—Part B of title II (as redesignated by subsection (a)) is amended by striking the subpart designations and headings.

(2) AUTHORIZATION.—Part B of title II (as so redesignated) is amended by adding at the end the following:

"SEC. 225. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 203. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

(a) REDESIGNATION AND TRANSFER OF PROGRAMS.—

(1) REDESIGNATION.—Part E of title X (20 U.S.C. 1135g) is redesignated as part C of title II and section 1091 is redesignated as section 231.

(2) TRANSFER.—Part C of title II (including section 231), as redesignated by paragraph (1), is transferred to follow part B of title II (as amended by section 202 of this Act).

(b) REAUTHORIZATION.—Section 231(j) (as so redesignated) is amended to read as follows:

"(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding fiscal years.".

SEC. 204. ADVANCED PLACEMENT FEE PAYMENT PROGRAM.

(a) REDESIGNATION AND TRANSFER OF PROGRAMS.—

(1) REDESIGNATION.—Part G of title XV of the Higher Education Amendments of 1992 (20 U.S.C. 1170) is redesignated as part D of title II and section 1545 of such Act is redesignated as section 241.

(2) TRANSFER.—Part D of title II (including section 241), as redesignated by paragraph (1), is transferred to follow part C of title II (as amended by section 203 of this Act).

(b) REAUTHORIZATION.—Section 241(f) (as so redesignated) is amended by striking "1993" and inserting "1999".

SEC. 205. TEACHER QUALITY ENHANCEMENT GRANTS.

Title II is further amended by adding at the end the following new part:

"PART E—TEACHER QUALITY ENHANCEMENT GRANTS

"SEC. 271. PURPOSE.

"The purposes of this part are—

"(1) to provide competitive grants to States for assistance in strengthening the quality of the teaching force by improving the academic knowledge of teachers in the subject areas in which they teach;

"(2) to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach, including training in the effective uses of technologies in the classroom; and

"(3) to recruit high quality individuals, including individuals from other occupation, into the teaching force.

"SEC. 272. ELIGIBILITY.

"(a) APPLICATIONS.—To be eligible to receive a grant under this part, a Governor shall, at the time of the initial grant application, submit an application to the Secretary that meets the requirements of this part.

"(b) CONTENTS OF APPLICATION.—Such application shall include a description of how the State intends to use funds provided under this part and such other information and assurances as the Secretary may require.

"(c) STATE AUTHORITY.—Nothing under this part shall be construed to negate or supersede the legal authority, under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

"SEC. 273. USE OF FUNDS.

"The Governor of a State that receives a grant under this subpart shall—

"(1) use a portion of such grant to carry out one or more of the following activities:

"(A) reforming State teacher certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified and assigned to teach;

"(B) providing prospective teachers alternatives to schools of education through programs at colleges of arts and sciences or at nonprofit organizations;

"(C) funding programs which establish or expand alternative routes to State certification for highly qualified individuals from other occupations;

"(D) developing and implementing effective mechanisms to expeditiously remove incompetent or unqualified teachers; and

"(E) implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach; and

"(2) use a portion of such grant to establish a lighthouse partnership consisting of the Governor, an exemplary institution of higher education which prepares teachers, and a local educational agency and which may also consist of other institutions of higher education, public charter schools, and public and private nonprofit elementary and secondary schools, for the purpose of carrying out one or more of the following activities:

"(A) creating opportunities for enhance and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach;

"(B) providing programs designed to implement the successful integration of technology into teaching and learning;

"(C) implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach;

"(D) reforming State certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach; and

"(E) recruiting minorities, and others, into the teaching and counseling profession, including education paraprofessionals, former military personnel, and mid-career professionals, by providing financial and other assistance related to instruction, induction, mentoring and support services.

"SEC. 274. COMPETITIVE AWARDS.

"(a) COMPETITIVE BASIS FOR AWARDS.—The Secretary shall make annual grants under this part on a competitive basis.

"(b) PEER REVIEW PANEL.—The Secretary shall provide the applications submitted by Governors under section 272 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

"(c) PRIORITY.—In recommending applications to the Secretary, the panel shall give priority to applications from States with proposals which promise initiatives to reform State teacher certification requirements which are designed to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach or which include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach.

"(d) RANKING OF APPLICATIONS.—With respect to each application recommended for funding, the panel shall assign the application a rank, relative to other recommended applications, based on the priority described in subsection (c), the extent to which the application furthers the purposes of this part, and the overall quality of the application, based on the quality and scope of State-supported strategies to improve quality of teacher preparation and their teaching force.

"(e) RECOMMENDATION OF AMOUNT.—With respect to each application recommended for funding, the panel shall make a recommendation to the Secretary with respect to the amount of the grant that should be made.

"(f) SECRETARIAL SELECTION.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine, based on the peer review panel's recommendations, which applications shall receive funding and the amounts of such grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

"(2) EFFECT OF RANKING BY PANEL.—In making grants under this part, the Secretary shall select applications according to the ranking of the applications by the peer review panel, except in cases where the Secretary determines, for good cause, that a variation from that order is appropriate.

"(g) MATCHING REQUIREMENT.—Each State receiving funds under this part shall provide, from non-Federal sources, an amount equal to 1/2 of the amount of the grant in cash or in kind to carry out the activities supported by the grant.

"(h) LIMITATION ON ADMINISTRATIVE EXPENSES.—A State that receives a grant under this part may use not more than 2 percent of the grant funds for administrative costs.

"(i) REPORTING.—

"(1) IN GENERAL.—A Governor that receives a grant under this section shall submit an accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Such reports shall include a description of the degree to which the State, in using these funds, has made substantial progress in meeting the following goals:

"(A) Raising the State academic standards required to enter the teaching profession.

"(B) Increasing the percentage of classes taught in core academic subject areas by teachers fully certified by the State to teach in those subject areas.

"(C) Decreasing shortages of qualified teachers in poor urban and rural areas.

"(D) Increasing opportunities for enhanced and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach.

"(2) ACCOUNTABILITY OF STATE INSTITUTION OF HIGHER EDUCATION.—Prior to receiving funds under this part, a State shall demonstrate that at least 80 percent of graduates of each of the exemplary institutions of higher education in any partnership described in section 273(a)(2) who enter the field of teaching pass all applicable State qualification assessments of new teachers, which must include assessments of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher provides instruction. Prior to each subsequent receipt of funds under this part, such State shall demonstrate that 70 percent of the graduates of each institution of higher education in the State have met such goal and continue to progress to exceed such goal. Such assessment shall be at least as rigorous as those in place on the date of enactment of this Act and shall have qualifying scores no lower than those in place on date of enactment of this Act.

"(3) PROVISION TO PEER REVIEW PANEL.—The Secretary shall provide the reports submitted under paragraph (1) to the peer review panel convened under subsection (b). The panel shall use such accountability report in recommending applications for subsequent funding under this section.

"(j) TEACHERS QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that participates as an eligible applicant or partner under this part shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school in the local educational agency, information regarding the qualifications of the students classroom teacher, both generally and with regard to the subject matter in which the teacher provides instruction.

"SEC. 275. LIMITATIONS.

"(a) FEDERAL CONTROL PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under this part.

"(b) NO CHANGE IN STATE CONTROL ENCOURAGED OR REQUIRED.—Nothing in this part shall be construed to encourage or require any change in a State's treatment of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.

"(c) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any national system of teacher certification.

"SEC. 276. AUTHORIZATION OF APPROPRIATIONS.

"(a) AUTHORIZATION.—There are authorized to be appropriated to carry out this part, $18,500,000 for fiscal years 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(b) TRANSITION.—Notwithstanding any other provision of law, the Secretary may use funds appropriated under subsection (a) to complete awards under the original grant period for projects that were funded under subpart 2 of part E of title V of this Act, as in effect prior to enactment of the Higher Education Amendments of 1998.".

SEC. 206. ADDITIONAL REPEAL.

Title VIII (20 U.S.C. 1133 et seq.), relating to cooperative education, is repealed.

TITLE III—INSTITUTIONAL AID

SEC. 301. STRENGTHENING INSTITUTIONS.

(a) PROGRAM PURPOSE; USE OF FUNDS.—Section 311 (20 U.S.C. 1057) is amended—

(1) in subsection (b)(2), by striking "or" at the end of subparagraph (A) and inserting "and";

(2) by amending paragraph (3) of subsection (b) to read as follows:

"(3) Special consideration shall be given to applications which propose, pursuant to the institution's plan, the use of funds for integrating computer technology into institutional facilities to create smart buildings."; and

(3) by adding at the end the following new subsections:

"(c) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

"(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities;

"(3) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

"(4) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

"(5) tutoring, counseling, and student service programs designed to improve academic success;

"(6) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

"(7) joint use of facilities, such as laboratories and libraries;

"(8) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

"(9) establishing or improving an endowment fund;

"(10) creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services; and

"(11) other activities proposed in the application submitted pursuant to subsection (c) that—

"(A) contribute to carrying out the purposes of this section; and

"(B) are approved by the Secretary as part of the review and acceptance of such application.

"(d) ENDOWMENT FUND LIMITATIONS.—

"(1) PORTION OF GRANT.—An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

"(2) MATCHING REQUIRED.—An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

"(3) REGULATIONS.—The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.".

(b) ENDOWMENT FUND DEFINITION.—Section 312 (20 U.S.C. 1058) is amended by adding at the end the following new subsection:

"(g) ENDOWMENT FUND.—For the purpose of this part, the term 'endowment fund' means a fund that—

"(1) is established by State law, by an institution of higher education, or by a foundation that is exempt from Federal income taxation;

"(2) is maintained for the purpose of generating income for the support of the institution; and

"(3) does not include real estate.".

(c) DURATION OF GRANT.—Section 313 (20 U.S.C. 1059) is amended—

(1) in subsection (a), by inserting before the period at the end the following: ", except that no institution shall be eligible to secure a subsequent 5-year grant award under this part until two calendar years have elapsed since the expiration of its most recent 5-year grant award"; and

(2) in subsection (b), by inserting "subsection (c) and a grant under" before "section 354(a)(1)".

(d) APPLICATIONS.—Title III is amended by striking section 314 (20 U.S.C. 1059a) and inserting the following:

"SEC. 314. APPLICATIONS.

"Each eligible institution desiring to receive assistance under this part shall submit an application in accordance with the requirements of section 351.".

(e) PROGRAM FOR TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.—Section 316 (20 U.S.C. 1059c) is amended to read as follows:

"SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

"(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to American Indian Tribal Colleges and Universities to enable such institutions to improve and expand their capacity to serve Indian students.

"(b) DEFINITIONS.—For the purposes of this section:

"(1) The term 'Indian' has the same meaning as in section 2 of the Tribally Controlled Community Colleges Act of 1978.

"(2) The term 'Indian tribe' has the same meaning as in section 2 of such Act.

"(3) The term 'Tribal College or University' has the meaning given the term 'tribally controlled college or university' in section 2 of such Act, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

"(4) The term 'institution of higher education' means an institution of higher education as defined by section 101(a)(1) of this Act, except that subparagraph (A)(ii) of such section shall not be applicable.

"(c) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used by Tribal Colleges or Universities to assist such institutions to plan, develop, undertake, and carry out authorized activities. Such authorized activities may include—

"(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;

"(3) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

"(4) academic instruction in disciplines in which American Indians are underrepresented;

"(5) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

"(6) tutoring, counseling, and student service programs designed to improve academic success;

"(7) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

"(8) joint use of facilities, such as laboratories and libraries;

"(9) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

"(10) establishing or enhancing a program of teacher education designed to qualify students to teach in elementary or secondary schools, with a particular emphasis on teaching American Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

"(11) establishing community outreach programs which will encourage American Indian elementary and secondary students to develop the academic skills and the interest to pursue postsecondary education;

"(12) establishing or improving an endowment fund; and

"(13) other activities proposed in the application submitted pursuant to this subsection that—

"(A) contribute to carrying out the purposes of this section; and

"(B) are approved by the Secretary as part of the review and acceptance of such application.

"(d) APPLICATION PROCESS.—

"(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, an institution shall be an institution which—

"(A) is an eligible institution under section 312(b);

"(B) is eligible to receive assistance under the Tribally Controlled Community College Assistance Act of 1978 (Public Law 95–471); or

"(C) is eligible to receive funds under the Equity in Educational Land Grant Status Act of 1994.

"(2) APPLICATION.—Any institution desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. Each such application shall include—

"(A) a 5-year plan for improving the assistance provided by the Tribal College or university to Indian students, increasing the rates at which Indian high school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

"(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with subparagraphs (A) and (B) of paragraph (1).

"(3) SPECIAL RULE.—For the purposes of this part, no Tribal College or University which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.".

SEC. 302. HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.

(a) USES OF FUNDS.—Section 323(a) (20 U.S.C. 1062(a)) is amended—

(1) by redesignating paragraph (12) as paragraph (13); and

(2) by inserting after paragraph (11) the following new paragraph:

"(12) Establishing or improving an endowment fund.".

(b) LIMITATIONS.—Section 323(b) is amended by striking paragraph (3) and inserting the following:

"(3)(A) An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

"(B) An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

"(C) The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.".

(c) PROFESSIONAL OR GRADUATE INSTITUTIONS.—

(1) GENERAL AUTHORIZATION.—Section 326(a) (20 U.S.C. 1063b(a)) is amended—

(A) in paragraph (1), by inserting "in mathematics or the physical or natural sciences" after "graduate education opportunities"; and

(B) in paragraph (2), by striking "except that" and all that follows and inserting the following: ", except that no institution shall be required to match any portion of the first $500,000 of its award from the Secretary. After allocations are made to each eligible institution under the funding rules provided in subsection (f), the Secretary shall reallocate, on a pro rata basis, any amounts which remain unallocated (by reason of the failure of an institution to comply with the matching requirements of this paragraph) among the institutions that have complied with such matching requirement.".

(2) USE OF FUNDS.—Section 326(c) (20 U.S.C. 1063b(c)) is amended by striking paragraphs (1) through (3) and inserting the following:

"(1) purchase, rental or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(2) construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities used exclusively for the purposes of this section, including purchase or rental of telecommunications technology equipment or services;

"(3) purchase of library books, periodicals, technical and other scientific journals, microfilm, microfiche, and other educational materials, including telecommunications program materials;

"(4) scholarships, fellowships, and other financial assistance for needy graduate and professional students to permit their enrollment in and completion of the doctoral degree in medicine, dentistry, pharmacy, veterinary medicine, law, and the doctorate degree in the physical or natural sciences, engineering, mathematics, or other scientific disciplines in which African Americans are underrepresented;

"(5) establish or improve a development office to strengthen and increase contributions from alumni and the private sector;

"(6) assist in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 331 of this title; and

"(7) funds and administrative management, and the acquisition of equipment, including software, for use in strengthening funds management and management information systems.".

(3) ELIGIBILITY.—Section 326(e) (20 U.S.C. 1063b(e)) is amended—

(A) in paragraph (1)

(i) by striking "include—" and inserting "are the following:";

(ii) by inserting "and other qualified graduate programs" before the semicolon at the end of subparagraphs (F) through (J);

(iii) by striking "and" at the end of subparagraph (O);

(iv) by inserting "University" after "Jackson State" in subparagraph (P);

(v) by striking the period at the end of such subparagraph and inserting a semicolon; and

(vi) by inserting after such subparagraph the following new subparagraphs:

"(Q) Norfolk State University qualified graduate program; and

"(R) Tennessee State University qualified graduate program."; and

(B) by striking paragraphs (2) and (3) and inserting the following:

"(2) QUALIFIED GRADUATE PROGRAM.—For the purposes of this section, the term 'qualified graduate program' means a graduate or professional program that provides an accredited program of instruction in the physical or natural sciences, engineering, mathematics, or other scientific discipline in which African Americans are underrepresented and has students enrolled in such program at the time of application for a grant under this section.

"(3) SPECIAL RULE.—Institutions that were awarded grants under this section prior to October 1, 1998, shall continue to receive such grants, subject to the availability of appropriated funds, regardless of the eligibility of the institutions described in subparagraphs (Q) and (R) of paragraph (1)."; and

(C) in paragraph (4), by inserting before the period at the end the following: ", except that the president or chancellor of the institution may decide which graduate or professional school or qualified graduate program will receive funds under the grant in any one fiscal year".

(4) FUNDING RULE.—Section 326(f) (20 U.S.C. 1063b(f)) is amended—

(A) by striking "Of the amount appropriated" and inserting "Subject to subsection (g), of the amount appropriated";

(B) in paragraph (1)—

(i) by striking "$12,000,000" and inserting "$26,000,000"; and

(ii) by striking "(A) through (E)" and inserting "(A) through (P)".

(C) by striking paragraph (2) and inserting the following:

"(2) the next $1,000,000 in excess of $26,000,000 shall be available for the purpose of making grants to institutions or programs identified in subparagraphs (Q) and (R) of subsection (e)(1); and

"(3) if the amount appropriated exceeds $27,000,000, the Secretary shall develop a formula for making allotments of such excess to each of the institutions or programs identified in subparagraphs (A) through (R) using the following elements:

"(A) the number of students enrolled in the eligible institution's professional or graduate school, or qualified graduate program which received funding under this section in the previous year;

"(B) the average cost of education per student for all full-time graduate or professional students (or the equivalent) enrolled in the eligible professional school, graduate school or doctoral students in the qualified graduate program; and

"(C) the number of students who received their first professional or doctoral degree at the professional or graduate school or the qualified graduate program in the preceding year for which the institution received funding under this section.".

(5) HOLD HARMLESS RULE.—Section 326 is further amended by adding at the end the following new subsection:

"(g) HOLD HARMLESS RULE.—Notwithstanding paragraph (2) and (3) of subsection (f), no institution or qualified program identified in subsection (e)(1) that received a grant for fiscal year 1998 and that is eligible to receive a grant in a subsequent fiscal year shall receive a grant amount in any such subsequent fiscal year that is less than the grant amount received for fiscal year 1998, unless the amount appropriated is not sufficient to provide such grant amounts to all such institutions and programs.".

SEC. 302. MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM.

(a) AMENDMENT.—Title III (20 U.S.C. 1051) is amended—

(1) by redesignating part D as part E; and

(2) by inserting after part C the following new part:

"PART D—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM

"SEC. 341. PROGRAM AUTHORIZED.

"The Secretary shall, in accordance with the provisions of this part, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvements in science and engineering education, and improve support programs for minority students enrolled in science and engineering programs at predominantly minority institutions.

"SEC. 342. USE OF FUNDS.

"Funds appropriated for the purpose of this subpart may be made available for—

"(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

"(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;

"(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

"(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;

"(5) improving access of minority students, particularly minority women, to careers in the sciences, mathematics, and engineering;

"(6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

"(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

"(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and

"(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, mathematics, and engineering programs and dissemination of their results.

"SEC. 343. ELIGIBILITY FOR GRANTS.

"The Secretary may make grants under this part to minority institutions (as defined in section 347), organizations, and entities to enable them to carry out programs and activities authorized by this part:

"(1)(A) institutions of higher education granting baccalaureate degrees; and

"(B) institutions of higher education granting associate degrees which—

"(i) have a curriculum including science or engineering subjects;

"(ii) apply jointly with institutions described in subparagraph (A); and

"(iii) have an articulation agreement with institutions described in subparagraph (A) for its science or engineering students; and

"(2) consortia of—

"(A) institutions which have a curriculum in science or engineering;

"(B) graduate institutions which have a curriculum in science or engineering;

"(C) Federal Education Research Centers;

"(D) research laboratories of, or under contract with, the Department of Energy;

"(E) private organizations which have science or engineering facilities; or

"(F) quasi-governmental entities which have a significant scientific or engineering mission;

to enable such institutions and consortia to carry programs and activities authorized by this part.

"SEC. 344. GRANT APPLICATION.

"(a) Submission and Contents of Applications.—An eligible applicant (as determined under section 343) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

"(1) a program of activities for carrying out one or more of the purposes described in section 342 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

"(2) such other policies, procedures, and assurances as the Secretary may require by regulation.

"(b) Approval Based on Likelihood of Progress.—The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are likely to make substantial progress toward achieving the purposes of this part.

"SEC. 345. CROSS PROGRAM AND CROSS AGENCY COOPERATION.

"The Minority Science and Engineering Improvement Programs shall cooperate and consult with other programs within the Department and within Federal, State, and private agencies which carry cut programs to improve the quality of science, mathematics, and engineering education.

"SEC. 346. ADMINISTRATIVE PROVISIONS.

"(a) Technical Staff.—The Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not less than one technical employees with appropriate scientific and educational background to administer the programs under this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(b) Procedures for Grant Review.—The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this title may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Program.

"SEC. 347. DEFINITIONS.

"For the purpose of this part—

"(1) The term 'minority institution' means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office for Civil Rights, Department of Education.

"(2) The term 'minority' means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

"(3) The term 'science' means, for the purpose of this program, the biological, engineering, mathematical, physical, behavioral, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.".

SEC. 304. GENERAL PROVISIONS.

(a) APPLICATIONS FOR ASSISTANCE.—Section 351(a) (20 U.S.C. 1066(a)) is amended to read as follows:

"(a) APPLICATIONS.—

"(1) APPLICATIONS REQUIRED.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title only if the Secretary determines that—

"(A) the application meets the requirements of subsection (b);

"(B) the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought; and

"(C) the applicant's performance goals are sufficiently rigorous as to meet the purposes of this title and the performance objectives and indicators for this title established by the Secretary pursuant to the Government Performance and Results Act.

"(2) PRELIMINARY APPLICATIONS.—In carrying out paragraph (1), the Secretary shall develop a preliminary application for use by eligible institutions applying under part A prior to the submission of the principal application.".

(b) CONTENTS OF APPLICATIONS.—Section 351(b) is amended—

(1) in paragraph (5)(A), by inserting "and the Government Performance and Results Act" after "under this title"; and

(2) in paragraph (6), by inserting before the semicolon the following: ", except that for purposes of section 316, paragraphs (2) and (3) shall not apply".

(c) WAIVERS.—Section 352(a) (20 U.S.C. 1067(a)) is amended—

(1) by striking "or" at the end of paragraph (5);

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5) the following new paragraph:

"(6) that is a tribally controlled community college as defined in the Tribally Controlled Community College Act of 1978; or".

(d) APPLICATION REVIEW PROCESS.—Section 353(a) (20 U.S.C. 1068(a)) is amended—

(1) in paragraph (2), by striking "Native American colleges and universities" and inserting "Tribal Colleges and Universities"; and

(2) in paragraph (3)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(e) CONTINUATION AWARDS.—Part D of title III is amended by inserting after section 354 (20 U.S.C. 1069) the following new section:

"SEC. 355. CONTINUATION AWARDS.

"The Secretary shall make continuation awards under this title for the second and succeeding years of a grant only after determining that the recipient is making satisfactory progress in carrying out the grant.".

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 360 (20 U.S.C. 1069f) is amended—

(1) by striking subsection (a) and inserting the following:

"(a) AUTHORIZATIONS.—

"(1) PART A.—(A) There are authorized to be appropriated to carry out part A (other that sections 316), $135,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(B) There are authorized to be appropriated to carry out section 316, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(2) Part B.—(A) There are authorized to be appropriated to carry out part B (other than section 326), $135,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(B) There are authorized to be appropriated to carry out section 326, $35,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(3) Part C.—There are authorized to be appropriated to carry out part C, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(4) Part D.—There are authorized to be appropriated to carry out Part D, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years."; and

(2) by striking subsections (c), (d) and (e).

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

SEC. 401. PELL GRANTS.

(a) Extension of Authority.—Section 401(a) (20 U.S.C. 1070a(a)) is amended—

(1) in paragraph (1)—

(A) by striking "September 30, 1998" and inserting "September 30, 2004"; and

(B) by striking the second sentence; and

(2) in paragraph (2), by striking "the disbursement system required by paragraph (1)" and inserting "the disbursement of Federal Pell Grants".

(b) Amount of Grant.—Section 401(b)(2)(A) is amended to read as follows:

"(2)(A) The amount of the Federal Pell Grant for a student eligible under this part shall be—

"(i) $4,500 for academic year 1999–2000,
"(ii) $4,700 for academic year 2000–2001,
"(iii) $4,900 for academic year 2001–2002,
"(iv) $5,100 for academic year 2002–2003, and
"(v) $5,300 for academic year 2003–2004,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.".

(c) Relation of Maximum Grant to Tuition and Expenses.—Section 401(b)(3) is amended—

(1) by striking "$2,400" each place it appears and inserting "$3,000"; and

(2) by adding at the end the following new subparagraph:

"(C) An institution that charged only fees in lieu of tuition as of January 31, 1997, may include in its determination of tuition charged, fees that would normally constitute tuition.".

(d) Dependent Care and Disability Related Expenses.—Section 401(b)(3)(B) is amended by striking "$750" and inserting "$1,500".

(e) Institutional Ineligibility Based on Default Rates.—Section 401 is amended by adding at the end the following new subsection:

"(j) Institutional Ineligibility Based on Default Rates.—

"(1) In general.—No institution of higher education shall be an eligible institution for purposes of this section if such institution of higher education is ineligible to participate in a loan program under this title as a result of a final default rate determination made by the Secretary under part B or D of this title, or both, after the final publication of fiscal year 1996 cohort default rates.

"(2) Sanctions subject to appeal opportunity.—No institution may be subject to the terms of this subsection unless it has had the opportunity to appeal its default rate determination under regulations issued by the Secretary for the Federal Family Education Loan or Federal Direct Loan Program, as applicable. This subsection shall not apply to an institution that was not participating in the loan programs authorized under part B or D of this title on the date of enactment of the Higher Education Amendments of 1998, unless the institution subsequently participates in the loan programs.".

(f) Conforming Amendments.—

(1) Section 400(a)(1) (20 U.S.C. 1070(a)(1)) is amended by striking "basic educational opportunity grants" and inserting "Federal Pell Grants".

(2) The heading of subpart 1 of part A of title IV is amended to read as follows:

"Subpart 1—Federal Pell Grants".

(3) Section 401 is amended—

(A) in the heading of the section, by striking "**BASIC EDUCATIONAL OPPORTUNITY**" and inserting "**FEDERAL PELL**";

(B) in subsection (a)(3), by striking "Basic grants" and inserting "Grants";

(C) by striking "basic grant" each place it appears and inserting "Federal Pell Grant"; and

(D) by striking "basic grants" each place it appears and inserting "Federal Pell Grants".

(4) Section 401(f)(3) is amended by striking "Education and Labor" and inserting "Education and the Workforce".

(5) Section 452(c) (20 U.S.C. 1087b(c)) is amended by striking "basic grants" and inserting "Federal Pell Grants".

(6) Subsections (j)(2) and (k)(3) of section 455 (20 U.S.C. 1087e) are each amended by striking "basic grants" and inserting "Federal Pell Grants".

SEC. 402. FEDERAL TRIO PROGRAMS.

(a) PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.—

(1) DURATION OF GRANTS.—Section 402A(b)(2) (20 U.S.C. 1070a–11(b)(2)) is amended—

(A) by striking subparagraph (A);

(B) by striking the period at the end of subparagraph (B) and inserting "; and";

(C) by redesignating subparagraph (B) as subparagraph (A); and

(D) by adding at the end the following new subparagraph:

"(B) grants under section 402H shall be awarded for a period determined by the Secretary.".

(2) MINIMUM GRANTS.—Section 402A(b)(3) is amended to read as follows:

"(3) MINIMUM GRANTS.—Unless the institution or agency requests a smaller amount, individual grants under this chapter shall be no less than—

"(A) $170,000 for programs authorized by sections 402D and 402G;

"(B) $180,000 for programs authorized by sections 402B and 402F; and

"(C) $190,000 for programs authorized by sections 402C and 402E.".

(3) PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—Subsection (c) of section 402A is amended to read as follows:

"(c) PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—

"(1) APPLICATION REQUIREMENTS.—An eligible entity that desires to receive a grant or contract under this chapter shall submit an application to the Secretary in such manner and form, and containing such information and assurances, as the Secretary may reasonably require.

"(2) PRIOR EXPERIENCE.—In making grants under this chapter, the Secretary shall consider each applicant's prior experience of service delivery under the particular program for which funds are sought. The level of consideration given the factor of prior experience shall not vary from the level of consideration given such factor during fiscal years 1994 through 1997, except that grants made under section 402H shall not be given prior experience consideration.

"(3) ORDER OF AWARDS; PROGRAM FRAUD.—(A) Except with respect to grants made under sections 402G and 402H and as provided in subparagraph (B), the Secretary shall award grants and contracts under this chapter in the order of the scores received by the application for such grant or contract in the peer review process required under section 110 and adjusted for prior experience in accordance with paragraph (2) of this subsection.

"(B) The Secretary is not required to provide assistance to a program otherwise eligible for assistance under this chapter, if the Secretary has determined that such program has involved the fraudulent use of funds under this chapter.

"(4) PEER REVIEW PROCESS.—(A) The Secretary shall assure that, to the extent practicable, members of groups underrepresented in higher education, including African Americans, Hispanics, Native Americans, Alaska Natives, Asian Americans, Native American Pacific Islanders (including Native Hawaiians), are represented as readers of applications submitted under this chapter. The Secretary shall also assure that persons from urban and rural backgrounds are represented as readers.

"(B) The Secretary shall ensure that each application submitted under this chapter is read by at least 3 readers who are not employees of the Federal Government (other than as readers of applications).

"(5) NUMBER OF APPLICATIONS FOR GRANTS AND CONTRACTS.—The Secretary shall not limit the number of applications submitted by an entity under any program authorized under this chapter if the additional applications describe programs serving different populations or campuses.

"(6) COORDINATION WITH OTHER PROGRAMS FOR DISADVANTAGED STUDENTS.—The Secretary shall encourage coordination of programs assisted under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding source of such programs. The Secretary shall not limit an entity's eligibility to receive funds under this chapter because such entity sponsors a program similar to the program to be assisted under this chapter, regardless of the funding source of such program. The Secretary shall permit the Director of a program receiving funds under this chapter to administer one or more additional programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding sources of such programs.

"(7) APPLICATION STATUS.—The Secretary shall inform each entity operating programs under this chapter regarding the status of their application for continued funding at least 8 months prior to the expiration of the grant or contract. The Secretary, in the case of an entity that is continuing to operate a successful program under this chapter, shall ensure that the start-up date for a new grant or contract for such program immediately follows the termination of preceding grant or contract so that no interruption of funding occurs for such successful reapplicants. The Secretary shall inform each entity requesting assistance under this chapter for a new program regarding the status of their application at least 8 months prior to the proposed startup date of such program.".

(4) AUTHORIZATION OF APPROPRIATIONS.—Section 402A(f) is amended—

(A) by striking "$650,000,000 for fiscal year 1993" and inserting "$800,000,000 for fiscal year 1999"; and

(B) by striking everything after the first sentence.

(b) TALENT SEARCH.—Section 402B(b) (20 U.S.C. 1070a–12(b)) is amended—

(1) by striking paragraph (4) and inserting the following:

"(4) guidance on and assistance in secondary school reentry, entry to general educational development (GED) programs, other alternative education programs for secondary school dropouts, or postsecondary education;"; and

(2) in paragraph (8), by striking "parents" and inserting "families".

(c) UPWARD BOUND.—Section 402C (20 U.S.C. 1070a–13) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by striking "personal counseling" and inserting "counseling and workshops";

(B) in paragraph (6)—

(i) by inserting "work-study and other" before "activities"; and

(ii) by inserting before the semicolon at the end the following: ", including careers requiring a postsecondary degree";

(C) in paragraph (9), by striking "and" at the end;

(D) in paragraph (10), by striking "through (9)" and inserting "through (10)"; and

(E) by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following new paragraph:

"(10) special services to enable veterans to make the transition to postsecondary education; and"; and

(2) in subsection (c), by inserting ", other than a project a majority of the participants in which are veterans," after "this chapter".

(d) STUDENT SUPPORT SERVICES.—Section 402D(c)(6) (20 U.S.C. 1070a–14(c)(6)) is amended by inserting before the period at the end the following: "and minimize the student's loan burden".

(e) POSTBACCALAUREATE ACHIEVEMENT PROGRAM.—Section 402E (20 U.S.C. 1070a–15) is amended—

(1) in subsection (c)(3), by inserting "or accepted in a graduate program" after "degree program"; and

(2) in subsection (e)(1), by striking "$2,400" and inserting "$3,200".

(f) STAFF DEVELOPMENT ACTIVITIES.—Section 402G(b) (20 U.S.C. 1070a–17(b)) is amended by inserting after paragraph (3) the following new paragraph:

"(4) The use of appropriate educational technology in the operation of projects assisted under this chapter.".

(g) EVALUATION FOR PROJECT IMPROVEMENT.—Section 402H(b) (20 U.S.C. 1070a–18(b)) is amended by adding at the end the following new sentence: "Such evaluations shall also investigate the effectiveness of alternative and innovative methods within Federal TRIO programs of increasing access to, and retention of, students in postsecondary education.".

SEC. 403. NATIONAL EARLY INTERVENTION AND PARTNERSHIP PROGRAM.

Section 404G (20 U.S.C. 1070a–27) is amended by striking "1993" and inserting "1999".

SEC. 404. REPEALS.

(a) REPEALS OF SUBPART 2 PROVISIONS.—The following provisions of subpart 2 of part A of title IV are repealed:

(1) Chapter 3 (20 U.S.C. 1070a–31 et seq.).
(2) Chapter 4 (20 U.S.C. 1070a–41 et seq.).
(3) Chapter 5 (20 U.S.C. 1070a–51 et seq.).
(4) Chapter 6 (20 U.S.C. 1070a–61 et seq.).
(5) Chapter 7 (20 U.S.C. 1070a–71 et seq.).
(6) Chapter 8 (20 U.S.C. 1070a–81 et seq.).

(b) SUBPART 8.—Subpart 8 of part A of title IV (20 U.S.C. 1070f) is repealed.

(c) CONFORMING AMENDMENT.—Section 400(b) (20 U.S.C. 1070(b)) is amended by striking "subparts 1 through 8" and inserting "subparts 1 through 6".

SEC. 405. ESTABLISHMENT OF NEW PROGRAMS.

Subpart 2 of part A of title IV is amended by inserting after chapter 2 (20 U.S.C. 1070a–81) the following new chapters:

"CHAPTER 3—HIGH HOPES FOR COLLEGE

"Subchapter A—21st Century Scholar Certificates

"SEC. 406A. 21ST CENTURY SCHOLAR CERTIFICATES.

"(a) FINDINGS.—The Congress makes the following findings:

"(1) Among low-income students who, despite high test scores, are not planning on attending college, nearly 60 percent cite an inability to afford school as the reason.

"(2) About 80 percent of our 12th graders who are interested in continuing their education after high school go on to college if their parents read materials about financial aid, compared to only 55 percent of such students if their parents do not read this material.

"(3) In 1996, the American Council on Education found that the public overestimated the tuition of public 2-year colleges by about 3 times the actual average tuition, of public 4-year colleges by over twice the actual average tuition, and of private 4-year universities by almost one-third more than the actual average tuition.

"(4) There is a need for, and a significant benefit from, providing students, and through them their parents, with information about the variety of Federal student financial assistance programs, such as Pell grants, Federal work-study and loans, and the AmeriCorps Education Awards that make college more affordable than ever before.

"(b) AUTHORITY.—

"(1) The Secretary, using funds appropriated under section 407H(a) of this Act—

"(A) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in projects under chapter 2; and

"(B) may, as practicable, ensure that such certificates are provided to all students in grades 6 through [illegible]2 who attend schools at which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch.

"(2) A 21st Century Scholar Certificate shall be personalized for each student and indicate the amount of Federal financial aid for college for which a student may be eligible.

"Subchapter B—High Hopes Partnerships

"SEC. 407A. PURPOSE.

"It is the purpose of this chapter to encourage and prepare students in low-income communities, beginning not later than the 7th grade, to prepare for, enter, and successfully complete college by assisting college-school-community partnerships to—

"(1) provide in-school and on-campus early college awareness activities to these students and their parents;

"(2) ensure ongoing adult guidance and other support to these students;

"(3) provide useful, early information to these students and their parents on the need for, options related to, and financing (including the availability of financial assistance) of a college education; and

"(4) help ensure that these students have access to rigorous core courses, such as algebra and geometry, that prepare them for college.

"SEC. 407B. GRANTS.

"(a) GRANTS AUTHORIZED.—From funds appropriated under section 407H(a), the Secretary shall make grants to college-school-community partnerships for activities under section 407D.

"(b) ELIGIBLE PARTNERSHIP.—For purposes of this chapter, an eligible partnership shall include—

"(1) one or more local educational agencies acting on behalf of—

"(A) one or more participating schools; and

"(B) the public secondary schools that students from these schools would normally attend;

"(2) one or more degree granting institutions of higher education; and

"(3) at least two community organizations or entities, such as businesses, professional associations, community-based organizations, or other public or private agencies or organizations.

"(c) DEFINITIONS.—For the purpose of this chapter—

"(1) 'participating school' means a public school in which—

"(A) there is a 7th grade;

"(B) one or more cohorts of students receive services under this chapter; and

"(C) at least 50 percent of the students enrolled are eligible for free or reduced-price lunch; and

"(2) 'cohort of students' means—

"(A) an entire grade level of students in a participating school; or

"(B) if the partnership determines that it would promote the effectiveness of a project, an entire grade level of students, beginning not later than the 7th grade, who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937.

"(d) DURATION.—Each grant awarded under this chapter shall be for a 6-year period.

"(e) COST SHARING.—

"(1) Federal funds shall provide no more than 80 percent of the cost of the project in the first year, 70 percent of the cost in the second year, 60 percent of the cost in the third year, 50 percent of the cost in the fourth year, 40 percent of the cost in the fifth year, and 30 percent of the cost in the sixth year.

"(2) The non-Federal share of grants awarded under this chapter may—

"(A) be in cash or in kind, fairly evaluated, including services, supplies, or equipment; and

"(B) include the non-Federal share of work-study grants under part C of title IV of this Act awarded to students who serve as tutors or mentors in projects under this chapter.

"(3) The Secretary may waive the cost sharing requirement described in paragraph (1) for any eligible partnership that demonstrates to the satisfaction of the Secretary an extraordinary hardship that prevents compliance with that requirement.

"(f) EQUITABLE GEOGRAPHIC DISTRIBUTION.—To the extent possible, the Secretary shall award grants under this chapter in a manner that achieves an equitable geographic distribution of those grants.

"(g) PRIORITY AWARDS UNDER CHAPTER 2.—Before making grants under this chapter for fiscal year 1999, the Secretary shall, as appropriate, make awards to recipients eligible for continuation awards under chapter 2 of subpart 2 of this title as it was in effect prior to the enactment of the Higher Education Amendments of 1998.

"SEC. 407C. GRANT APPLICATION; PREFERENCES.

"(a) APPLICATION REQUIRED.—An eligible partnership desiring to receive a grant under this chapter shall submit an application to the Secretary, in such form and containing such information, as the Secretary may require.

"(b) APPLICATION CONTENTS.—Each application shall include—

"(1) the name of each partner and a description of its responsibilities, including the designation of either an institution of higher education or a local educational agency as the fiscal agent for the partnership;

"(2) a description of the need for the project, including a description of how the project will build on existing services and activities, if any;

"(3) a listing of the human, financial (other than funds under this chapter), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources;

"(4) a description of how the project will operate, including how grant funds will be used to meet the purpose of this chapter;

"(5) a description of how services will be coordinated with, and will complement and enhance, services received by participating schools and students under other related Federal and non-Federal programs, including programs under title I, part A of title VII, and part 1 of title X of the Elementary and Secondary Education Act of 1965, the School-to-Work Opportunities Act of 1994, section 402 of this Act, and the Individuals with Disabilities Education Act;

"(6) a description of how the partnership will support and continue the services under this chapter after the grant has expired;

"(7) an assurance from each local educational agency using funds under this chapter that—

"(A) at least 50 percent of the students enrolled in each participating school are eligible for free or reduced-price lunch;

"(B) its aggregate expenditures per student for activities described in this chapter will not be reduced from the level of such expenditures in the year prior to the grant; and

"(C) someone at each participating school will be designated as the primary point of contact for the partnership;

"(8) an assurance that participating students will have access to rigorous core academic courses that reflect challenging State or local academic standards; and

"(9) an assurance that members will provide the performance information required by the Secretary, which would be used to base continuation of the grant.

"(c) PREFERENCES.—In reviewing applications under this chapter, the Secretary shall give preference to projects that—

"(1) will serve participating schools in which at least 75 percent of the students enrolled are eligible for free or reduced-price lunch;

"(2) provide a commitment from non-Federal sources to pay all or part of the cost of college, through tuition assistance or guarantees (not already available), such as 'last-dollar grants', for participating students; and

"(3) hold participating students responsible for school or community service and high academic performance.

"SEC. 407D. PROGRAM REQUIREMENTS; USES OF FUNDS.

"(a) PROGRAM REQUIREMENTS.—Projects under this chapter shall—

"(1) have a program coordinator who is either full-time or whose primary responsibility is the project under this chapter;

"(2) provide services to at least one cohort of students, beginning not later than the 7th grade;

"(3) ensure that the services authorized under this chapter are provided through the 12th grade to students in the cohort, including students who attend another participating school or a secondary school identified under section 407B(b)(1)(B);

"(4) include activities and information that foster and improve parent involvement in promoting postsecondary education for their children, including the provision of useful early information on the advantages of a college education, academic admissions requirements, and the need to take core courses, admissions and achievement tests, application procedures, college costs and options, and the availability of student financial aid;

"(5) include academic counseling, career awareness, and tutoring or mentoring from trained personnel, as well as other student support services that enable students to succeed academically and apply for, enter, and complete college;

"(6) include training in promoting early college awareness for classroom teachers, guidance counselors, and staff of the schools involved in the project; faculty and program personnel in participating institutions of higher education; and participating mentors and tutors;

"(7) include activities on college campuses and enrichment activities associated with postsecondary education; and

"(8) include arrangements that ensure that all participating students have access to rigorous core courses that reflect challenging State or local academic standards and that prepare them for college.

"(b) USE OF FUNDS.—In addition to the activities described in subsection (a), a recipient of funds under this chapter may use them—

"(1) where necessary and appropriate to ensure active participation, to pay stipends to participating students and their mentors;

"(2) where necessary and appropriate to ensure active participation, to pay transportation costs for participants to attend project-sponsored activities;

"(3) to provide out-of-school and summer activities related to the project;

"(4) for project evaluation; and

"(5) to recognize the responsibility and achievement of participating students through ceremonies, awards, and other means.

"SEC. 407E. SERVICES FOR STUDENTS ATTENDING PRIVATE SCHOOLS.

"A local educational agency that participates in an eligible partnership shall provide services supported with Federal funds under this chapter on an equitable basis, consistent with section 14503 of Elementary and Secondary Education Act of 1965, to students in private schools that—

"(1) have a 7th grade;

"(2) have students at least 50 percent of whom are eligible for free or reduced-price lunch; and

"(3) are located in the normal attendance area of a participating school.

"SEC. 407F. EVALUATION.

"In order to improve the operation of the program assisted under this chapter, the Secretary shall, with funds appropriated under section 407H(a), make grants to, and enter into contracts and cooperative agreements with, institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the program assisted under this chapter and, as appropriate, disseminate such results.

"SEC. 407G. PEER REVIEW.

"The Secretary shall use a peer review process to review applications under this chapter and make recommendations for funding to the Secretary.

"SEC. 407H. AUTHORIZATION OF APPROPRIATIONS.

"(a) Authorization of Appropriation.—There are authorized to be appropriated $140,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 5 succeeding fiscal years to carry out this chapter.

"(b) Reservation for Technical Assistance and Peer Review.—From the amount appropriated under subsection (a) for any fiscal year, the Secretary may reserve up 0.5 percent of that amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees.

"CHAPTER 4—FRANK TEJEDA SCHOLARSHIP PROGRAM

"SEC. 408A. STATEMENT OF PURPOSE.

"It is the purpose of this chapter to establish a Frank Tejeda Scholarship Program to recruit and train teachers who are proficient in both Spanish and English and who show promise of academic achievement.

"SEC. 408B. SCHOLARSHIPS AUTHORIZED.

"(a) Program Authority.—The Secretary is authorized, in accordance with the provisions of this chapter, to award scholarships to individuals consistent with the purposes of this chapter.

"(b) Tejeda Scholars.—Individuals awarded scholarships under this chapter shall be known as 'Tejeda Scholars'.

"SEC. 408C. ALLOCATION AMONG STATES.

"(a) Allocation Formula.—From the sums appropriated pursuant to the authority of section 408H for any fiscal year, the Secretary shall allocate to each State an amount equal to $5,000 multiplied by the number of scholarships determined by the Secretary to be available to such State in accordance with subsection (b).

"(b) Number of Scholarships Available.—The number of scholarships to be made available in a State for any fiscal year shall bear the same ratio to the number of scholarships made available to all States as the State's population ages 5 through 17 bears to the population ages 5 through 17 in all the States, except that not less than 10 scholarships shall be made available to any State.

"(c) Use of Census Data.—For the purpose of this section, the population ages 5 through 17 in a State and in all the States shall be determined by the most recently available data, satisfactory to the Secretary, from the Bureau of the Census.

The Bureau of the Census shall produce and publish intercensal data for Puerto Rico and the other territories.

“SEC. 408D. ELIGIBILITY OF SCHOLARS.

“(a) HIGH SCHOOL GRADUATION OR EQUIVALENT AND ADMISSION TO INSTITUTION REQUIRED.—Each student awarded a scholarship under this chapter shall—

“(1) be—

“(A) a low-income individual, as that term is defined in section 402A(g)(2) of this title; or

“(B) an individual who is eligible for a Pell Grant under subpart 1 of this part;

“(2) be a citizen of the United States;

“(3) be a resident of the State in which he or she applies;

“(4) be enrolled or accepted for enrollment on a full- or part-time basis, at a graduate or undergraduate level, in an institution of higher education that has an accredited teacher preparation program;

“(5) have demonstrated proficiency in the English and Spanish languages, as certified by the applicant's academic institution; and

“(6) have agreed, upon graduation from such program—

“(A) to serve no less than one year for each year of scholarship assistance, but no fewer than two years of service in total, as a teacher in a public elementary or secondary school in which there is a demonstrated need for Spanish-speaking teachers and professionals, as determined by the Secretary;

“(B) to complete such service within 6 years of graduation; and

“(C) that if the student is unable to complete such service, the student will, except as provided in subsection (c), repay the Secretary the total amount, or a pro rata amount of the scholarship received under this chapter in proportion to the amount of service completed, plus interest and collection costs in the same manner as repayment of a student loan made under part D of this title.

“(b) SELECTION BASED ON PROMISE OF ACADEMIC ACHIEVEMENT.—Each student awarded a scholarship under this chapter must demonstrate outstanding academic achievement and show promise of continued academic achievement, as certified by the student's academic institution.

“(c) EXCEPTION TO REPAYMENT OBLIGATION.—

“(1) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to subsection (a)(4)(C) during any period in which the recipient—

“(A) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

“(B) is serving, not in excess of 3 years, as a member of the armed services of the United States;

“(C) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

“(D) is unable to secure employment for a period not to exceed 12 months by reason of having to care for a spouse, child, parent, or immediate family member who is disabled;

“(E) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

“(F) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months; or

“(G) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

“(2) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any scholarship assistance received under this chapter if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

“SEC. 408E. SELECTION OF SCHOLARS.

“(a) ESTABLISHMENT OF CRITERIA.—The Secretary shall establish criteria for the selection of scholars under this chapter that meet the requirements of section 408D.

“(b) TIMING OF SELECTION.—The selection process shall be completed, and the awards made, no later than May 1 of the academic year preceding the academic year for which the award will be used.

"SEC. 408F. STIPENDS AND SCHOLARSHIP CONDITIONS.

"(a) AMOUNT OF AWARD.—Each student awarded a scholarship under this chapter shall receive a stipend of $5,000 for the academic year of study for which the scholarship is awarded, except that in no case shall the total amount of financial aid awarded to such student exceed such student's total cost-of-attendance.

"(b) USE OF AWARD.—The State educational agency shall establish procedures to assure that a scholar awarded a scholarship under this chapter pursues a course of study at an institution of higher education.

"SEC. 408G. CONSTRUCTION OF NEEDS PROVISIONS.

"Notwithstanding section 471, nothing in this chapter, or any other Act, shall be construed to permit the receipt of a scholarship under this chapter to be counted for any needs test in connection with the awarding of any grant or the making of any loan under this Act or any other provision of Federal law relating to educational assistance.

"SEC. 408H. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated for this chapter $5,000,000 for fiscal year 1998 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"CHAPTER 5—CAMPUS-BASED CHILD CARE

"SEC. 410A. CAMPUS-BASED CHILD CARE.

"(a) PROGRAM AUTHORIZED.—

"(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services to low-income students.

"(2) AMOUNT OF GRANTS.—

"(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

"(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

"(3) DURATION AND PAYMENTS.—

"(A) DURATION.—The Secretary shall award a grant under this section for a period of 3 years.

"(B) PAYMENTS.—Subject to paragraph (2), the Secretary shall make annual grant payments under this section.

"(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $350,000.

"(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program serving the needs of low-income students enrolled at the institution of higher education.

"(6) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term 'low-income student' means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

"(b) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

"(1) demonstrate that the institution is an eligible institution described in subsection (a)(4);

"(2) specify the amount of funds requested;

"(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application student demographics and other relevant data;

"(4) identify the resources the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, accessing foundation, corporate, or other institutional support, and demonstrating that the use of the resources will not result in increases in student tuition;

"(5) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

"(6) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

"(7) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services;

"(8) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

"(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

"(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

"(c) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

"(1) REPORTING REQUIREMENTS.—

"(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months and 36 months after receiving the first grant payment under this section.

"(B) CONTENTS.—The report shall include—

"(i) data on the population served under this section;

"(ii) information on campus and community resources and funding used to help low-income students access child care services;

"(iii) information on progress made toward accreditation of any child care facility; and

"(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

"(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.".

SEC. 408. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS.

(a) EXTENSION OF AUTHORITY.—Section 413A(b)(1) (20 U.S.C. 1070b(b)(1)) is amended by striking "1993" and inserting "1999".

(b) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—Subsection (d) of section 413C (20 U.S.C. 1070b–2(d)) is amended by striking "and if the total financial need" and all that follows and inserting the following: ", then grant funds shall be made available to such independent and less-than-full-time students.".

(c) ALLOCATION OF FUNDS.—Section 413D (20 U.S.C. 1070b-3) is amended—

(1) by striking subsection (b); and

(2) in subsection (c)(1), by striking "three-quarters of the remainder" and inserting "the remainder";

(3) in subsection (c)(2)(A)(i), by striking "subsection (d)" and inserting "subsection (c)";

(4) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively; and

(5) by inserting after subsection (e) (as so redesignated) the following new subsection:

"(f) CARRY-OVER/CARRY-BACK AUTHORITY.—

"(1) CARRY-OVER AUTHORITY.—

"(A) CARRY-OVER UP TO 10 PERCENT.—Of the sums granted to an eligible institution under this subpart for any fiscal year, 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart.

"(B) REALLOCATION OF EXCESS.—Any of the sums so granted to an institution for a fiscal year which are not needed by that institution to operate programs under this subpart during that fiscal year, and which it does not wish to use during the next fiscal year as authorized in the preceding sentence, shall remain available to the Secretary for making grants under section 413B to other institutions in the same State until the close of the second fiscal year next succeeding the fiscal year for which such funds were appropriated.

"(2) CARRY-BACK AUTHORITY.—

"(A) CARRY-BACK UP TO 10 PERCENT.—Up to 10 percent of the sums the Secretary determines an eligible institution may receive from funds which have been appropriated for a fiscal year may be used by the institution for expenditure during the fiscal year preceding the fiscal year for which the sums were appropriated.

"(B) USE OF CARRIED-BACK FUNDS.—An eligible institution may make grants to students after the end of the academic year, but prior to the beginning of the succeeding fiscal year, from such succeeding fiscal year's appropriations.".

SEC. 407. GRANTS TO STATES FOR STATE STUDENT INCENTIVES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 415A(b) of the Higher Education Act of 1965 (20 U.S.C. 1070c(b)) is amended—

(1) in paragraph (1), by striking "1993" and inserting "1999";

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following:

"(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds $25,000,000, the excess shall be available to carry out section 415E.".

(b) SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.—Subpart 4 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070c et seq.) is amended—

(1) by redesignating section 415E as section 415F; and

(2) by inserting after section 415D the following:

"SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

"(a) IN GENERAL.—From amounts reserved under section 415A(b)(2) for each fiscal year, the Secretary shall—

"(1) make allotments among States in the same manner as the Secretary makes allotments among States under section 415B; and

"(2) award grants to States, from allotments under paragraph (1), to enable the States to pay the Federal share of the cost of the authorized activities described in subsection (c).

"(b) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

"(1) increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need;

"(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

"(3) carrying out a financial aid program for eligible students who demonstrate financial need and wish to enter teaching or computer-related careers, or other fields of study determined by the State to be critical to the State's workforce needs;

"(4) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

"(5) awarding merit or academic scholarships to eligible students who demonstrate financial need.

"(c) MAINTENANCE OF EFFORT REQUIREMENT.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (b) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year. The Secretary may waive this subsection for good cause, as determined by the Secretary.

"(d) FEDERAL SHARE.—The Federal share of the cost of the authorized activities described in subsection (b) for any fiscal year shall be 25 percent.".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) PURPOSE.—Subsection (a) of section 415A of the Higher Education Act of 1965 (20 U.S.C. 1070c(a)) is amended to read as follows:

"(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

"(1) providing grants to—

"(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

"(B) eligible students for campus-based community service work-study; and

"(2) carrying out the activities described in section 415F.".

(2) ALLOTMENT.—Section 415B(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1070c–1(a)(1)) is amended by inserting "and not reserved under section 415A(b)(2)" after "415A(b)(1)".

SEC. 408. SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMILIES ARE ENGAGED IN MIGRANT AND SEASONAL FARMWORK.

(a) COORDINATION.—Section 418A(d) (20 U.S.C. 1070d–2(d)) is amended by inserting after "contains assurances" the following: "that the grant recipient will coordinate its project, to the extent feasible, with other local, State, and Federal programs to maximize the resources available for migrant students, and".

(b) EXTENSION OF AUTHORITY.—Section 418A(g) is amended by striking "1993" each place it appears and inserting "1999".

(c) DATA COLLECTION.—Section 418A is amended by adding at the end the following new subsection:

"(h) DATA COLLECTION.—The National Center for Education Statistics shall collect postsecondary education data on migrant students.".

(d) TECHNICAL AMENDMENTS.—Section 418A(e) is amended by striking "authorized by subpart 4 of this part in accordance with section 417A(b)(2)" and inserting "in accordance with section 402A(c)(1)".

SEC. 409. BYRD SCHOLARSHIPS.

(a) ELIGIBILITY.—Section 419G (20 U.S.C. 1070d–37) is amended by adding at the end the following new subsection:

"(e) TERMINATION OF ELIGIBILITY.—The eligibility of students from the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau shall expire on September 30, 2001.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 419K (20 U.S.C. 1070d–41) is amended by striking "$10,000,000 for fiscal year 1993" and inserting "$40,000,000 for fiscal year 1999".

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 411. LIMITATION REPEALED.

Section 421 (20 U.S.C. 1071) is amended by striking subsection (d).

SEC. 412. ADVANCES TO RESERVE FUNDS.

Section 422 (20 U.S.C. 1072) is amended—

(1) in subsection (a)(2), by striking "428(c)(10)(E)" and inserting "428(c)(9)(E)";

(2) in subsection (c)(6)(B)(i), by striking "handle written" and inserting "handle written, electronic,";

(3) in subsection (c)(7)

(A) by striking "to a guaranty agency—" and everything that follows through "(B) if the Secretary" and inserting "to a guaranty agency, if the Secretary";

(B) by striking "428(c)(10)(F)(v)" and inserting "428(c)(9)(F)(v)";

(C) by inserting "and" after "cash needs,"; and

(D) by striking "or ensure" and everything that follows and inserting a period; and

(4) in the first and second sentences of subsection (g)(1), by striking "or the program authorized by part D of this title" each place it appears.

SEC. 413. GUARANTY AGENCY REFORMS.

(a) FEDERAL STUDENT LOAN RESERVE FUND.—Part B of title IV is amended by inserting after section 422 (20 U.S.C. 1072) the following new section:

"SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.

"(a) Establishment.—Each guaranty agency shall, not later than 60 days after the date of enactment of this section, deposit all funds, securities, and other liquid assets contained in the reserve fund established pursuant to section 422 of this part into a Federal Student Loan Reserve Fund (in this section and section 422B referred to as the 'Federal Fund') which shall be an account of a type selected by the agency, with the approval of the Secretary.

"(b) Investment of Funds.—Funds maintained in the Federal Fund shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency.

"(c) Additional Deposits.—After the establishment of the Federal Fund, a guaranty agency shall deposit into the Federal Fund—

"(1) all amounts received from the Secretary as payment of reinsurance on loans pursuant to section 428(c)(1);

"(2) from amounts collected on behalf of the obligation of a defaulted borrower, a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the defaulted loan pursuant to sections 428(c)(6)(A) and 428F(a)(1)(B); and

"(3) insurance premiums collected from borrowers pursuant to sections 428(b)(1)(H) and 428H(h).

"(d) Uses of Funds.—Subject to subsection (f), the Federal Fund may only be used by a guaranty agency—

"(1) to pay lender claims pursuant to section 428(b)(1)(G), section 428(j), section 437, and section 439(q); and

"(2) to pay into the Agency Operating Fund established pursuant to section 422B a default prevention fee in accordance with section 428(l).

"(e) Ownership of Federal Fund.—

"(1) In general.—The Federal Fund of the guaranty agency, and any assets purchased or developed with funds from the Federal Fund or any other funds considered reserve funds on the date of enactment of this section, regardless of who holds or controls the reserves or assets, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part, as provided in subsection (d) of this section.

"(2) Nonliquid reserve fund and other assets.—Notwithstanding any other provision of law, nonliquid reserve fund assets, such as buildings and equipment purchased or developed by the guaranty agency with funds from the Federal Fund, or any other funds considered reserve funds on the date of enactment of this section shall—

"(A) remain the property of the United States;

"(B) be used only for such purposes as the Secretary determines are appropriate; and

"(C) be subject to such restrictions on the disposition of such assets (which may include a requirement that any sale of such assets be at not less than fair market value) as the Secretary determines are appropriate.

"(f) Transition.—

"(1) In general.—In order to establish the Agency Operating Fund authorized by section 422B, each guaranty agency may transfer up to 180 days cash expenses for normal operating expenses, as a working capital reserve as defined in Office of Management and budget circular A-87 (Cost Accounting Standards) from the Federal Fund for deposit into the Agency Operating Fund for use in the performance of its duties under this part. Such transfers may occur during the first three years following the establishment of the Operating Fund. However, no agency may transfer in excess of 50 percent of the Federal Fund balance to its Operating Fund during any fiscal year. In determining the transfer amount, the agency shall insure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet the reserve recall requirements of the Balanced Budget Act of 1997.

"(2) Repayment provisions.—Each guaranty agency shall begin repayment of sums transferred pursuant to this subsection no later than the start of the fourth year after the establishment of the Agency Operating Fund, and shall repay all amounts transferred no later than 5 years from the date of the establishment of the Agency Operating Fund. Each guaranty agency shall provide to the Secretary, on an annual basis, a financial analysis demonstrating its ability to repay all outstanding amounts while any transferred amounts are owned to the Federal Fund.

"(3) Special rule.—In applying the minimum reserve level required by section 428(c)(9)(A), the Secretary shall include all amounts owed to the Federal

Fund by the agency due to transfers allowed under paragraph (1) in the calculation.".

(b) AGENCY OPERATING FUND ESTABLISHED.—Part B of title IV is further amended by inserting after section 422A (as added by subsection (a)) the following new section:

"SEC. 422B. AGENCY OPERATING FUND.

"(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 60 days after the date of enactment of this section, establish a fund designated as the Agency Operating Fund (hereinafter referred to as the 'Operating Fund').

"(b) INVESTMENT OF FUNDS.—Funds deposited into the Operating Fund shall be invested at the discretion of the guaranty agency in accordance with prudent investor standards.

"(c) ADDITIONAL DEPOSITS.—After the establishment of the Operating Fund, the guaranty agency shall deposit into the Operating Fund—

"(1) the loan processing and issuance fee paid by the Secretary pursuant to section 428(f);

"(2) the portfolio maintenance fee paid by the Secretary pursuant to section 458;

"(3) the default prevention fee paid in accordance with section 428(l);

"(4) amounts retained by the guaranty agency pursuant to section 428(c)(6)(B) from collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, excluding amounts deposited in the Federal Fund pursuant to section 422A(c)(2); and

"(5) interest earned on the Federal Fund during the first 3 years after the date of enactment of this section, but only to the extent permitted by regulations prescribed by the Secretary to permit a limited number of guaranty agencies (not to exceed 10) essential resources to maintain sufficient operating funds and to restructure their operations in accordance with the requirements of this section and section 422A.

"(d) USES OF FUNDS.—

"(1) IN GENERAL.—Funds in the Operating Fund shall be used for activities related to student financial aid, including application processing, loan disbursement, enrollment and repayment status management, default prevention activities, default collection activities, school and lender training, financial awareness and outreach activities, compliance monitoring, other loan program related activities in support of postsecondary education and other student financial aid related activities as determined by the guaranty agency.

"(2) SPECIAL RULE.—The guaranty agency may, in its discretion, transfer funds from the Operating Fund to the Federal Student Loan Reserve Fund for use in accordance with section 422A. Such transfer shall be irrevocable, and any funds so transferred shall become the property of the United States.

"(3) DEFINITIONS.—For purposes of this subsection:

"(A) The term 'default collection activities' means activities of a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the due diligence activities required pursuant to regulations of the Secretary.

"(B) The term 'default prevention activities' means activities of a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being legally in a default status, including due diligence activities required pursuant to regulations of the Secretary.

"(C) The term 'enrollment and repayment status management' means activities of a guaranty agency which are directly related to ascertaining the student's enrollment status, including prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part.

"(e) OWNERSHIP OF OPERATING FUND.—The Operating Fund of the guaranty agency shall be considered to be the property of the guaranty agency. The Secretary may regulate the uses or expenditure of moneys in the Operating Fund with respect to activities required under guaranty agency agreements under subsections (b) and (c) of section 428 until such time as a guaranty agency has repaid to the Federal Fund all reserve funds transferred under section 422A(f). During any period in which funds are owed to the Federal Fund as a result of a transfer under 422A(f), moneys in the Operating Fund may only be used for expenses related to the student loan programs authorized under this part. The Secretary may require such necessary reports and audits as provided in section 428(b)(2).".

(c) Additional Recall of Reserves.—Section 422 (as amended by section 412) is further amended by adding at the end the following new subsection:

"(i) Additional Recall of Reserves.—

"(1) In general.—Notwithstanding any other provision of law, the Secretary shall recall $30,000,000 for each of the fiscal years 1999, 2000, 2001, 2002, and 2003 from the reserve funds held by guaranty agencies.

"(2) Deposit.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

"(3) Required share.—The Secretary shall require each guaranty agency to return annually reserve funds under paragraph (1) based on one-fifth of the agency's required share. For purposes of this paragraph, a guaranty agency's required share shall be determined as follows:

"(A) The Secretary shall impose on each guaranty agency an equal percentage reduction in the amount of the agency's reserve funds held as of September 30, 1996.

"(B) The equal percentage reduction shall be the percentage obtained by dividing—

"(i) $150,000,000 by

"(ii) the total amount of all such agencies' reserve funds held as of September 30, 1996.

"(4) Offset of required shares.—If any guaranty returns to the Secretary any reserves in excess of the amount required under this subsection or subsection (h), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such additional reserve return.

"(5) Definition of reserve funds.—The term 'reserve funds' when used with respect to a guaranty agency—

"(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

"(B) does not include building, equipment, or other nonliquid assets.".

(d) Conforming Amendments.—

(1) Reinsurance payments.—

(A) Amendments.—Section 428(c)(1) (20 U.S.C. 1078(c)(1)) is amended—

(i) in subparagraph (A), by striking "98 percent" and inserting "95 percent";

(ii) in subparagraph (B)(i), by striking "88 percent" and inserting "85 percent"; and

(iii) in subparagraph (B)(ii), by striking "78 percent" and inserting "75 percent";

(iv) in subparagraph (E)—

(I) by striking "for '98 percent';" and inserting "for '95 percent';";

(II) by striking "for '88 percent';" and inserting "for '85 percent';"; and

(III) by striking "for '78 percent'." and inserting "for '75 percent'.";

(v) in subparagraph (F)—

(I) by striking "for '98 percent';" and inserting "for '95 percent';";

(II) by striking "for '88 percent';" and inserting "for '85 percent';"; and

(III) by striking "for '78 percent'." and inserting "for '75 percent'.";

(vi) by striking subparagraph (D) and redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively.

(B) Effective date.—The amendments made by subparagraph (A) of this paragraph apply to loans for which the first disbursement is made on or after October 1, 1998.

(2) Equitable share.—Section 428(c)(6) is amended—

(A) in subparagraph (A)—

(i) by striking "(A) For the purpose" and inserting "For the purpose"; and

(ii) by striking clause (ii) and inserting the following:

"(ii) an amount equal to 24 percent of such payments for use in accordance with section 422B.";

(B) by striking subparagraphs (B) and (C); and

(C) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B).

(3) Guaranty agency reserve level.—Section 428(c)(9)(C) is amended—

(A) by striking "80 percent pursuant to section 428(c)(1)(B)(ii)" and inserting "85 percent pursuant to paragraph (1)(B)(i) of this subsection"; and

(B) by striking "30 working days" and inserting "45 working days".

(4) PAYMENT OF CERTAIN COSTS.—Section 428(f) is amended—

(A) by striking paragraph (1)(A) and inserting the following:

"(1) PAYMENT FOR CERTAIN ACTIVITIES.—(A) The Secretary shall, in accordance with the provisions of this paragraph, pay to each guaranty agency for each fiscal year a loan processing and issuance fee equal to 0.65 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency."; and

(B) in paragraph (1)(B), by striking the first sentence and inserting the following: "The payment required by subparagraph (A) shall be paid on a quarterly basis.".

(5) DEFAULT AVERSION ASSISTANCE.—Section 428(*l*) is amended to read as follows:

"(*l*) DEFAULT AVERSION ASSISTANCE.—

"(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from a lender received not earlier than the 60th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) of this section shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.

"(2) REIMBURSEMENT.—(A) A guaranty agency may, in accordance with the provisions of this paragraph, transfer from the Federal Student Loan Reserve Account to the Operating Account a default aversion fee. Such fee shall be paid for any loan on which a claim for default has not been presented that the guaranty agency successfully brings into current repayment status on or before the 210th day after the loan becomes 60 days delinquent.

"(B) The default aversion fee shall be equal to 1 percent of the total unpaid principal and accrued interest on the loan at the time the request is submitted by the lender. Such fee shall not be paid more than once on any loan for which the guaranty agency averts the default unless the borrower remained current in payments for at least 12 months prior to the subsequent delinquency. A guaranty agency may transfer such fees earned under this subsection no more frequently than monthly.

"(C) For the purpose of earning the default aversion fee, the term 'current repayment status' means that the borrower is not delinquent in the payment of any principal or interest on the loan.".

SEC. 414. SCOPE AND DURATION OF PROGRAM.

Section 424(a) (20 U.S.C. 1074(a)) is amended—

(1) by striking "October 1, 2002" and inserting "October 1, 2004"; and

(2) by striking "September 30, 2006" and inserting "September 30, 2008".

SEC. 415. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND FEDERAL LOAN INSURANCE.

Section 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is amended—

(1) in clause (i)—

(A) by inserting "and" after the semicolon at the end of subclause (I); and

(B) by striking subclauses (II) and (III) and inserting the following:

"(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;"; and

(2) by inserting "and" after the semicolon at the end of clause (iii).

SEC. 416. APPLICABLE INTEREST RATES.

(a) APPLICABLE INTEREST RATES.—

(1) AMENDMENT.—Section 427A (20 U.S.C. 1077a) is amended to read as follows:

"SEC. 427A. APPLICABLE INTEREST RATES.

"(a) INTEREST RATES FOR NEW LOANS ON OR AFTER JULY 1, 1998.—

"(1) IN GENERAL.—Subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

"(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

"(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

"(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest for interest which accrues—

"(A) prior to the beginning of the repayment period of the loan; or

"(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

"(3) PLUS LOANS.—With respect to any loan under section 428B for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

"(A) by substituting '3.1 percent' for '2.3 percent'; and

"(B) by substituting '9.0 percent' for '8.25 percent'.

"(b) LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

"(c) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this section after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.".

(2) CONFORMING AMENDMENT.—Section 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by striking "section 427A(c)" and inserting "section 427A(a)(3)".

(b) SPECIAL ALLOWANCES.—

(1) AMENDMENT.—Section 438(b)(2)(F) (20 U.S.C. 1087–1(b)(2)(F)) is amended to read as follows:

"(F) LOANS DISBURSED AFTER JULY 1, 1998.—

"(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after July 1, 1998, shall be computed—

"(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

"(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

"(III) by adding 2.8 percent to the resultant percent; and

"(IV) by dividing the resultant percent by 4.

"(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(2), clause (i)(III) of this subparagraph shall be applied by substituting '2.2 percent' for '2.8 percent'.

"(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(3), clause (i)(III) of this subparagraph shall be applied by substituting '3.1 percent' for '2.8 percent', subject to clause (iv) of this subparagraph.

"(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after July 1, 1998, for which the interest rate is determined under 427A(a)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(a)(3) exceeds 9 percent.".

(2) CONFORMING AMENDMENT.—Section 438(b)(2)(C)(ii) is amended by striking "In the case" and inserting "Subject to subparagraph (F), in the case".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after July 1, 1998.

SEC. 417. FEDERALLY GUARANTEED STUDENT LOANS.

(a) Requirements for Federal Interest Subsidies.—Section 428(a)(2) (20 U.S.C. 1078(a)(2)) is amended by striking everything preceding subparagraph (D) and inserting the following:

"(2) Additional requirements to receive subsidy.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall provide to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which certifies the eligibility of the student to receive a loan under this part and the amount of the loan for which such student is eligible.

"(B) A student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement that—

"(i) at the lender's request, sets forth such student's estimated cost of attendance (as determined under section 472);

"(ii) sets forth such student's estimated financial assistance; and

"(iii) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

"(C) For the purpose of clause (ii) of subparagraph (B), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part F of this title) and the amount of such need, subject to the provisions of subparagraph (D).".

(b) Duration of Authority.—Section 428(a)(5) is amended—

(1) by striking "September 30, 2002" and inserting "September 30, 2004"; and

(2) by striking "September 30, 2006" and inserting "September 30, 2008".

(c) Annual Loan Limits.—Section 428(b)(1)(A) is amended—

(1) in clause (i)—

(A) by inserting "and" after the semicolon at the end of subclause (I); and

(B) by striking subclauses (II) and (III) and inserting the following:

"(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;"; and

(2) by inserting "and" after the semicolon at the end of clause (iii).

(d) Selection of Repayment Plans.—Section 428(b)(1)(D) is amended by striking "and (iii)" and inserting the following: "(iii) the student borrower may annually change the selection of a repayment plan under this part, and (iv)".

(e) Coinsurance.—Section 428(b)(1)(G) is amended by striking "not less than".

(f) Deferments.—Section 428(b)(1)(M) is amended—

(1) in clause (i)(I), by inserting before the semicolon the following: ", except that no borrower, notwithstanding the provisions of the promissory note, shall be required to borrow an additional loan under this title in order to be eligible to receive a deferment under this clause"; and

(2) in clause (ii), by inserting before the semicolon the following: ", except that no borrower who qualifies for unemployment benefits shall be required to provide any additional paperwork for a deferment under this clause".

(g) Limitation, Suspension, and Termination.—Section 428(b)(1)(U) is amended—

(1) by striking "emergency action,," each place it appears and inserting "emergency action,"; and

(2) by striking "a compliance audit of each lender" and inserting the following: "in the case of any lender that originates or holds more than $5,000,000 in loans made under this title during an annual audit period, a compliance audit of such lender".

(h) Additional Insurance Program Requirements.—Section 428(b)(1) is further amended—

(1) by striking "and" at the end of subparagraph (W);

(2) in subparagraph (X)—

(A) by striking "428(c)(10)" and inserting "428(c)(9)"; and

(B) by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(Y) provides that the lender shall determine the eligibility of a borrower for a deferment described in subparagraph (M)(i) based on receipt of (i) a request for deferment from the borrower, (ii) a newly completed loan application that documents the borrower's eligibility for a deferment, or (iii) student status information received by the lender that the borrower is enrolled on at least a half-time basis.".

(i) RESTRICTIONS ON INDUCEMENTS.—Section 428(b)(3) is amended—

(1) by striking subparagraph (C) and inserting the following:

"(C) conduct unsolicited mailings of student loan application forms to students enrolled in secondary school or a postsecondary institution, or to parents of such students, except that applications may be mailed to students who have previously received loans guaranteed under this part by the guaranty agency; or"; and

(2) by adding at the end the following new sentence:

"It shall not be a violation of this paragraph for a guaranty agency to provide assistance to institutions of higher education comparable to the kinds of assistance provided to institutions of higher education by the Department of Education.".

(j) GUARANTY AGENCY INFORMATION TO ELIGIBLE INSTITUTIONS.—Section 428(c)(2)(H)(ii) is amended to read as follows:

"(ii) the guaranty agency shall not require the payment from the institution of any fee for such information; and".

(k) FORBEARANCE.—Section 428(c)(3) is amended—

(1) in subparagraph (A)(i), by striking "written";

(2) in subparagraph (B), by inserting before the semicolon the following: ", including forbearance granted after consideration of a borrower's total debt burden"; and

(3) in the last sentence—

(A) by striking "and (ii)" and inserting "(ii)"; and

(B) by inserting before the period at the end the following: ", and (iii) forbearance for periods not to exceed 60 days if the lender reasonably determines that such suspensions are necessary to research or process information relative to such loan or to collect appropriate documentation relating to the borrower's request for a deferment or forbearance".

(*l*) ASSIGNMENT.—Section 428(c)(8) is amended—

(1) by striking "(A)"; and

(2) by striking subparagraph (B).

(m) AGENCY TERMINATION.—Section 428(c)(9) is amended—

(1) in subparagraph (E)—

(A) by inserting "or" at the end of clause (iv);

(B) by striking "; or" at the end of clause (v) and inserting a period; and

(C) by striking clause (vi);

(2) in subparagraph (F)(vii), by striking "to avoid disruption" and everything that follows and inserting "and to avoid disruption of the student loan program.";

(3) in subparagraph (I), by inserting "on the record" after "for a hearing"; and

(4) in subparagraph (K)—

(A) by striking "and Labor" and inserting "and the Workforce"; and

(B) by striking everything after "guaranty agency system" and inserting a period.

(n) LENDER REFERRAL.—Section 428(e) is amended—

(1) in paragraph (1)(B)(ii), by striking "during the transition" and everything that follows through "part D of this title"; and

(2) in paragraph (3), by striking "for costs of transition".

(o) ACTION ON AGREEMENTS.—Section 428(g) is amended by striking "and Labor" and inserting "and the Workforce".

(p) LENDERS-OF-LAST RESORT.—Section 428(j) is amended by striking paragraph (3).

(q) INCOME CONTINGENT REPAYMENT.—Section 428(m) is amended by striking "shall require at least 10 percent of the borrowers" and inserting "may require borrowers".

(r) STATE SHARE OF DEFAULT COSTS.—Subsection (n) of section 428 is repealed.

(s) BLANKET CERTIFICATE OF GUARANTY.—Section 428 of the Act is amended by adding at the end the following new subsection:

"(n) BLANKET CERTIFICATE OF LOAN GUARANTY.—

"(1) IN GENERAL.—Any guaranty agency that has or enters into any insurance program agreement with the Secretary under this part may—

"(A) offer eligible lenders participating in the agency's guaranty program blanket certificates of loan guaranty that permit the lender to make loans without receiving prior approval from the guaranty agency of individual loans for eligible borrowers enrolled in eligible programs at eligible institutions; and

"(B) provide eligible lenders with the ability to transmit electronically data to the agency concerning loans the lender has elected to make under the agency's insurance program via standard reporting formats, such reporting to occur at reasonable, mutually acceptable intervals.

"(2) LIMITATIONS ON BLANKET CERTIFICATE OF GUARANTY.—A guaranty agency and eligible lender may establish by mutual agreement limitations or restrictions on the number or volume of loans issued by a lender under the blanket certificate of guaranty.".

SEC. 418. VOLUNTARY AGREEMENTS WITH GUARANTY AGENCIES.

Part B of title IV is amended by inserting after section 428 (20 U.S.C. 1078) the following new section:

"SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

"(a) VOLUNTARY AGREEMENTS.—

"(1) AUTHORITY.—Notwithstanding any other provision of law, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428, under which the Secretary may waive or modify any requirement under this title applicable to the responsibilities of the Secretary and a guaranty agency.

"(2) ELIGIBILITY.—Any guaranty agency that had one or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of this section may enter into an agreement with the Secretary under this subsection.

"(b) TERMS OF AGREEMENT.—An agreement between the Secretary and a guaranty agency under this section—

"(1) shall be developed by the Secretary, in consultation with the guaranty agency;

"(2) shall be for a period not to exceed five years, and may be renewed upon the agreement of the parties;

"(3) may include provisions—

"(A) specifying the responsibilities of the guaranty agency under the agreement, such as—

"(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

"(ii) monitoring insurance commitments made under this part;

"(iii) default prevention activities;

"(iv) review of default claims made by lenders;

"(v) payment of default claims;

"(vi) collection of defaulted loans;

"(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary on a timely, accurate, and auditable basis;

"(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

"(ix) monitoring of institutions and lenders participating in the program under this part; and

"(x) the performance of other program functions by the guaranty agency.

"(B) regarding the fees the Secretary shall pay, in lieu of revenues that the guaranty agency may otherwise receive under this part, to the guaranty agency under the agreement, and other funds that the guaranty agency may receive or retain under the agreement, except that in no case may the cost to the Secretary of the agreement, as reasonably projected by the Secretary, exceed the cost to the Secretary, as similarly projected, in the absence of the agreement;

"(C) regarding the use of net revenues, as described in the agreement under this section, for such other activities in support of postsecondary education as may be agreed to by the Secretary and the guaranty agency;

"(D) regarding the standards by which the guaranty agency's performance of its responsibilities under the agreement will be assessed, and the consequences for a guaranty agency's failure to achieve a specified level of performance on 1 or more performance standards;

"(E) regarding the circumstances in which a guaranty agency's agreement under this section may be ended in advance of its expiration date;

"(F) regarding such other businesses, previously purchased or developed with reserve funds, that relate to the program under this part and in which the Secretary permits the guaranty agency to engage; and

"(G) such other provisions as the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purposes of this part; and

"(4) shall provide for uniform lender participation with the guaranty agency under the terms of the agreement.

"(c) TERMINATION.—At the expiration or early termination of an agreement under this section, the Secretary shall reinstate the guaranty agency's prior agreements under subsections (b) and (c) of section 428, subject only to such additional requirements as the Secretary determines to be necessary in order to ensure the efficient transfer of responsibilities between the agreement under this section and the agreements under subsections (b) and (c) of section 428, including the guaranty agency's compliance with reserve requirements under sections 422 and 428.".

SEC. 419. FEDERAL CONSOLIDATION LOANS.

(a) AGREEMENTS WITH LENDERS.—Section 428C(a) (20 U.S.C. 1078–3(a)) is amended—

(1) by striking subclause (II) of paragraph (3)(B)(i) and inserting the following:

"(II) that loans received during the 180-day period following the making of the consolidation loan may be added to the consolidation loan."; and

(2) by striking subparagraph (C) of paragraph (4) and inserting the following:

"(C) made under part D of this title;".

(b) CONTENTS OF AGREEMENTS.—Section 428C(b) is amended—

(1) in paragraph (1)(A), by striking "under this section and (i)" and everything that follows and inserting "under this section:";

(2) in paragraph (4)(C)(ii)—

(A) by redesignating subclause (III) as subclause (IV);

(B) by inserting after subclause (II) the following new clause:

"(III) by the Secretary, in the case of a consolidation loan for which the application is received by an eligible lender on or after October 1, 1998, except that the Secretary shall pay such interest only on that portion of the loan that repays Federal Stafford Loans for which the student borrower received an interest subsidy under section 428 or Federal Direct Stafford Loans for which the borrower received an interest subsidy under section 455; or"; and

(C) in subclause (IV) (as redesignated), by striking "subclause (I) or (II)" and inserting "subclause (I), (II), or (III)"; and

(3) in paragraph (6)(A), by inserting before the semicolon at the end the following: "except that (i) a lender is not required to consolidate loans described in subparagraph (D) or (E) of subsection (a)(4); and (ii) a lender is not prohibited from establishing a minimum loan balance for which it will process a consolidation loan application".

(c) EXTENSION OF AUTHORITY.—Section 428C(e) is amended by striking "September 30, 2002" and inserting "September 30, 2004".

SEC. 420. DISBURSEMENT.

(a) REQUIREMENTS.—Section 428G(a)(1) (20 U.S.C. 1078–7(a)(1)) is amended by inserting "greater than one semester, one trimester, one quarter, or four months" after "period of enrollment".

(b) DISBURSEMENT.—Section 428G(b)(1) is amended by adding at the end the following new sentence: "An institution whose cohort default rate (as determined under section 435(a)) for each of the three most recent fiscal years for which data are available is less than 10 percent shall be exempt from the requirements of this paragraph.".

(c) WITHHOLDING OF SECOND DISBURSEMENT.—Section 428G(d)(2) is amended by inserting "by more than $300" after "under this title".

SEC. 421. UNSUBSIDIZED STAFFORD LOANS.

(a) ELIGIBLE BORROWERS.—Section 428H(b) (20 U.S.C. 1078–8(b)) is amended by striking "which—" and everything that follows and inserting the following:

"which certifies the eligibility of the student to receive a loan under this part and the amount of the loan for which such student is eligible. A student shall qualify for a loan if the eligible institution has provided the lender with a statement that—

"(1) at the lender's request, sets forth such student's estimated cost of attendance (as determined under section 472);

"(2) sets forth such student's estimated financial assistance, including a loan which qualifies for subsidy payments under section 428; and

"(3) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.".

(b) LOAN LIMITS.—Section 428H(d)(2)(A) is amended—

(1) by inserting "and" after the semicolon at the end of clause (i); and

(2) by striking clauses (ii) and (iii) and inserting the following:

"(ii) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in clause (i) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;".

(c) QUALIFICATION.—Section 428H(e) is amended by adding at the end the following new paragraph:

"(7) QUALIFICATION FOR FORBEARANCE, DEFERMENT, AND INCOME-SENSITIVE REPAYMENT.—A borrower of a loan made under this section may qualify for a forbearance or deferment, or an income-sensitive repayment plan for which the borrower is eligible, immediately upon receipt by the lender or holder of a request from the borrower. Any necessary supporting documentation shall be secured by the lender or holder within 30 days of the request in order to continue the forbearance, deferment, or income-sensitive repayment plan.".

(d) REPEAL.—Section 428H(f) is repealed.

SEC. 422. REPEAL OF LOAN FORGIVENESS.

Section 428J (20 U.S.C. 1078–10) is repealed.

SEC. 423. LEGAL POWERS AND RESPONSIBILITIES.

(a) GENERAL POWERS.—Section 432(a)(2) (20 U.S.C. 1082(a)(2)) is amended by inserting "except that this section shall not be deemed to limit court review under chapter 7 of title 5, United States Code" after "Secretary's control".

(b) AUDIT OF FINANCIAL TRANSACTIONS.—Section 432(f)(1) is amended—

(1) in subparagraph (B), by striking "section 435(d)(1) (D), (F), or (H);" and inserting "section 435(d)(1); and";

(2) in subparagraph (C)—

(A) by striking "and Labor" and inserting "and the Workforce"; and

(B) by striking "; and" and inserting a period; and

(3) by striking subparagraph (D).

(c) PROGRAM OF ASSISTANCE.—Section 432(k)(3) is amended by striking "Within 1 year" and everything that follows through "1992, the" and inserting "The".

(d) COMMON FORMS AND FORMATS.—Section 432(m) is amended—

(1) in paragraph (1)(A), by striking "The Secretary" and inserting "Subject to paragraph (2), the Secretary";

(2) by striking subparagraph (C) of paragraph (1);

(3) in subparagraph (D), by striking "Nothing" and inserting "Subject to paragraph (2), nothing";

(4) by redesignating subparagraph (D) of such paragraph as subparagraph (C);

(5) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(6) by inserting after paragraph (1) the following new paragraph:

"(2) FREE APPLICATION FOR FEDERAL STUDENT AID.—For academic year 1999–2000 and thereafter, the Secretary shall prescribe the Free Application for Federal Student Aid as the application form under this part (other than sections 428B and 428C)."; and

(7) by adding at the end the following new paragraph:

"(5) MASTER PROMISSORY NOTE.—

"(A) DEVELOPMENT AND APPROVAL.—Within 180 days of enactment of this Act, the Secretary, in cooperation with representatives of guaranty agencies, eligible lenders, institutions, students, and organizations involved in student financial assistance, shall develop and approve a master promissory note that will allow for a multiyear line of credit. Such note shall address the needs of participants in the programs under this part. The Secretary shall also develop and approve a corresponding master promissory note for use under part D of this title that addresses the needs of participants in the programs under such part.

"(B) SALE AND ASSIGNMENT; ENFORCEMENT.—Notwithstanding the preceding provisions of this section, each loan made under a master promissory note providing for a line of credit may be sold and assigned independently of any other loan made under the same promissory note, and each such loan shall be separately enforceable in all State and Federal courts on the basis of an original or copy of the master promissory note with its terms.".

(e) DEFAULT REDUCTION MANAGEMENT.—Section 432(n) is amended—

(1) in paragraph (1), by striking "1993" and inserting "1999"; and

(2) in paragraph (3), by striking "and Labor" and inserting "and the Workforce".

(f) REPORTING REQUIREMENT.—Section 432(p) is amended by striking "State postsecondary reviewing entities designated under subpart 1 of part H,".

SEC. 424. STUDENT LOAN INFORMATION.

Section 433 (20 U.S.C. 1083) is amended—

(1) in the first sentence of subsection (a), by inserting "in simple and understandable terms" after "to the borrower"; and

(2) in the first sentence of subsection (b), by inserting "in simple and understandable terms" after "under this subsection".

SEC. 425. DEFINITIONS.

(a) COHORT DEFAULT RATE.—Section 435(a) (20 U.S.C. 1085(a)) is amended—

(1) in subparagraph (A) of paragraph (2)—

(A) by striking "or" at the end of clause (i); and

(B) by striking clause (ii) and inserting the following:

"(ii) there are exceptional mitigating circumstances within the meaning of paragraph (4); or

"(iii) there are, in the judgment of the Secretary, other exceptional mitigating circumstances that would make the application of this paragraph inequitable.";

(2) in subparagraph (C) of paragraph (2), by striking "July 1, 1998," and inserting "July 1, 1999,";

(3) in paragraph (3), by inserting "or, at the request of the institution, a complete copy of the records for loans made under this part or of the direct loan servicer for loans made under part D" after "and loan servicers"; and

(4) by adding at the end the following new paragraphs:

"(4) DEFINITION OF MITIGATING CIRCUMSTANCES.—For purposes of paragraph (2), an institution shall be treated as having exceptional mitigating circumstances that make application of that paragraph inequitable if such institution is certified by a certified public accountant to meet each of the following criteria:

"(A) at least two-thirds of the students enrolled on at least a half-time basis at the institution—

"(i) are eligible to receive a Federal Pell Grant award that is at least equal to one-half the maximum Federal Pell Grant award for which the student would be eligible based on his or her enrollment status; or

"(ii) have an adjusted gross income of the student, and his or her parents (unless the student is an independent student), of less than the poverty level, as determined under criteria established by the Department of Health and Human Services;

"(B) at least two-thirds of the students enrolled on a full-time basis at the institution in any 12-month period ending not more than six months prior to the date the institution submits its appeal, and who remain enrolled beyond the point at which the student would be entitled to a tuition refund of 100 percent—

"(i) complete the educational program in which they are enrolled within the time normally required to complete that program, as specified in the institution's enrollment contract, catalog, or other materials; or

"(ii) continue to be enrolled and are making satisfactory academic progress toward completion of their program; or

"(iii) have entered active duty in the armed forces of the United States; and

"(C) at least two-thirds of the students enrolled on a full-time basis at the institution who complete the educational program in which they are enrolled within any 12-month period ending not more than six months prior to the date the institution submits its appeal are placed for at least 13 weeks in an employment position for which they have been trained, or are enrolled for at least 13 weeks in higher level education program for which the educational program of the institution provided substantial preparation, or have entered active duty in the armed forces of the United States.

"(5) REDUCTION OF DEFAULT RATES AT CERTAIN MINORITY INSTITUTIONS.—

"(A) BENEFICIARIES OF EXCEPTION REQUIRED TO ESTABLISH MANAGEMENT PLAN.—After July 1, 1998, any institution that has a cohort default rate that equals or exceeds 25 percent for each of the three most recent fiscal years for which data are available and that relies on the exception in paragraph (2)(C) of this subsection to continue to be an eligible institution shall—

"(i) submit to the Secretary a default management plan which the Secretary, in his discretion, after consideration of the institution's history, resources, dollars in default, and targets for default reduction, determines is acceptable and provides reasonable assurance that the institution will, by July 1, 2001, have a cohort default rate that is less than 25 percent;

"(ii) engage an independent third party (which may be paid with funds received under part B of title III) to provide technical assistance in implementing such default management plan; and

"(iii) provide to the Secretary, on an annual basis or at such other intervals as the Secretary may require, evidence of cohort default rate improvement and successful implementation of such default management plan.

"(B) DISCRETIONARY ELIGIBILITY CONDITIONED ON IMPROVEMENT.—Notwithstanding the expiration of the exception in paragraph (2)(C), the Secretary may, in his discretion, continue to treat an institution described in subparagraph (A) of this paragraph as an eligible institution for each of the one-year periods beginning on July 1, 1999, and July 1, 2000, only if the institution submits by the beginning of such period evidence satisfactory to the Secretary that—

"(i) such institution has complied and is continuing to comply with the requirements of subparagraph (A); and

"(ii) such institution has made substantial improvement, during each of the preceding one-year periods, in its cohort default rate.

"(6) SPECIAL RULE BASED ON PARTICIPATION RATE INDICES.—(A) An institution that demonstrates to the Secretary that its participation rate index (as defined in regulations in effect on July 1, 1996) is equal to or less than .0375 for any of the three most recent fiscal years for which data are available shall not be subject to paragraph (2).

"(B) An institution shall provide the Secretary with sufficient data to determine its participation rate index within 30 days after receiving an initial notification of its draft cohort default rate.

"(C) Prior to publication of a final cohort default rate for an institution that provides the data under subparagraph (B), the Secretary shall notify the institution of its compliance or noncompliance with subparagraph (A).".

(b) ELIGIBLE LENDER.—Section 435(d) is amended—

(1) in paragraph (1)(A)(ii)—

(A) by striking "or" at the end of subclause (I); and

(B) by inserting before the semicolon at the end of subclause (II) the following: ", or (III) it is a bank that is a wholly owned subsidiary of a nonprofit foundation, the foundation is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code and has been participating in the program authorized by this part for three years as of the date of enactment of the Higher Education Amendments of 1998 and only makes loans to undergraduate students who are 22 years of age or younger and has a portfolio of not more than $10,000,000; and in determining whether the making or holding of loans to students and parents under this part is the primary consumer credit function of the eligible lender, all loans (including student loans and other consumer loans) made or held as trustee or in a trust capacity for the benefit of a third party shall be considered";

(2) in paragraph (1)—

(A) by striking "and" at the end of subparagraph (I);

(B) by striking the period at the end of subparagraph (J) and inserting "; and"; and

(C) by adding at the end the following new subparagraph:

"(K) a wholly owned subsidiary of a publicly held holding company which, for the three years preceding the date of enactment of this subparagraph, through one or more subsidiaries (i) acts as a finance company, and (ii) participates in the program authorized by this part pursuant to subparagraph (C)."; and

(3) in paragraph (5), by adding at the end the following new sentence:

"It shall not be a violation of this paragraph for a lender to provide assistance to institutions of higher education comparable to the kinds of assistance provided to institutions of higher education by the Department of Education.".

(c) LINE OF CREDIT.—Section 435(e) is amended to read as follows:

"(e) LINE OF CREDIT.—The term 'line of credit' means an agreement between the lender and the borrower pursuant to a master promissory note under which the lender may make and disburse, in addition to the initial loan, additional loans in subsequent years.".

SEC. 426. DISCHARGE.

(a) DOCUMENTATION.—Section 437(a) (20 U.S.C. 1087(a)) is amended by adding at the end the following: "A certification of permanent and total disability from a Veteran's Hospital shall be acceptable documentation for discharge under this subsection.".

(b) DISCHARGE.—Section 437(c)(1) is amended—

(1) by inserting after "falsely certified by the eligible institution," the following: "or if the institution failed to make a refund of loan proceeds which it owed to such student's lender,"; and

(2) by adding at the end the following new sentences: "In the case of a discharge based upon a failure to refund, the amount of the discharge shall not exceed that portion of the loan which should have been refunded. The Secretary shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate annually as to the dollar amount of loan discharges attributable to failures to make refunds.".

SEC. 427. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

Section 437 is further amended—

(1) in the section heading, by striking out the period at the end thereof and inserting in lieu thereof a semicolon and "loan forgiveness for teaching";

(2) by amending the heading for subsection (c) to read as follows: "DISCHARGE RELATED TO SCHOOL CLOSURE OR FALSE CERTIFICATION.—"; and

(3) by adding at the end thereof the following new subsection:

"(e) CANCELLATION OF LOANS FOR TEACHING.—

"(1) FUNCTIONS OF SECRETARY.—The Secretary shall discharge the liability of a borrower of a qualifying loan by repaying the amount owed on the loan, to the extent specified in paragraph (4), for service described in paragraph (3).

"(2) QUALIFYING LOANS.—

"(A) IN GENERAL.—For purposes of this subsection, a loan is a qualifying loan if—

"(i) the loan was made under section 428 on or after the date of enactment of the Higher Education Amendments of 1998 to a borrower who, on the date of entering into the note or other written evidence of the loan, had no outstanding balance of principal or interest on any loan made before such date; and

"(ii) the loan was obtained to cover the cost of instruction for an academic year after the first and second year of undergraduate education.

"(B) LIMITATION.—The Secretary may not repay loans described in subparagraph (A) to cover the costs of instruction for more than two academic years, or three academic years in the case of a program of instruction normally requiring five years.

"(C) TREATMENT OF CONSOLIDATION LOANS.—A loan made under section 428C may be a qualifying loan for the purposes of this subsection only to the extent that such loan was used to repay a loan or loans that meet the requirements of subparagraphs (A) and (B), as determined in accordance with regulations prescribed by the Secretary.

"(3) QUALIFYING SERVICE.—A loan shall be discharged under paragraph (1) for service by the borrower as a full-time teacher for each complete academic year of service, after completion of the second academic year of service, in a public or other nonprofit private elementary or secondary school—

"(A) which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965; and

"(B) which for the purpose of this paragraph and for that year has been determined by the State educational agency of the State in which the school is located to be a school in which the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

"(4) RATE OF DISCHARGE.—(A) Loans shall be discharged under this subsection at the rate of—

"(i) 30 percent for the first or second complete academic year of qualifying service as described in paragraph (3) (after completion of two years of service); and

"(ii) 40 percent for the third complete year of such qualifying service.

"(B) The total amount that may be discharged under this subsection for any borrower shall not exceed $17,750.

"(C) If a portion of a loan is discharged under subparagraph (A) for any year, the entire amount of interest on that loan that accrues for that year shall also be discharged by the Secretary.

"(D) Nothing in this section shall be construed to authorize refunding of any repayment of a loan.

"(5) LIMITATION ON TEACHER ELIGIBILITY.—

"(A) SECONDARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a secondary school unless such borrower majored in the subject area in which they are teaching.

"(B) ELEMENTARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a elementary school unless such borrower demonstrates, in accordance with State teacher certification or licensing requirements, subject matter knowledge and teaching skills in reading, writing, mathematics, and other subjects taught in elementary schools.

"(6) RULE OF CONSTRUCTION.—The amount of a loan, and interest on a loan, that is canceled under this subsection shall not be considered income for purposes of the Internal Revenue Code of 1986.

"(7) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same service, receive a benefit under both this subsection and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

"(8) METHOD OF PAYMENT.—The Secretary shall specify in regulations the manner in which lenders shall be reimbursed for loans made under this part, or portions thereof, that are discharged under this subsection.

"(9) LIST.—If the list of schools in which a teacher may perform service pursuant to paragraph (3) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

"(10) CONTINUING ELIGIBILITY.—Any teacher who performs service in a school which—

"(A) meets the requirements of paragraph (3) in any year during such service; and

"(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to this subsection with respect to such subsequent years.".

SEC. 428. DEBT MANAGEMENT OPTIONS.

Section 437A (20 U.S.C. 1087–0) is repealed.

SEC. 429. SPECIAL ALLOWANCES.

(a) COMPUTATION.—Section 438(b)(2) (20 U.S.C. 1087–1(b)(2)) is amended—

(1) in subparagraph (A), by striking "(E), and (F)" and inserting "and (E)"; and

(2) in subparagraph (B)(iv), by striking ", (E), or (F)" and inserting "or (E)".

(b) ORIGINATION FEES.—Section 438(c) is amended—

(1) in paragraph (2)—

(A) by striking "(other than" and inserting "(including loans made under section 428H, but excluding"; and

(B) by adding at the end the following new sentence: "Except as provided in paragraph (8), a lender is not authorized to assess an origination fee under this paragraph unless the lender assesses the same fee to all student borrowers."; and

(2) by adding at the end the following new paragraph:

"(8) EXCEPTION.—Notwithstanding paragraph (2), a lender may assess a lesser origination fee for a borrower demonstrating greater financial need as determined by such borrower's adjusted gross family income.".

(c) LENDING FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS.—Section 438 is amended—

(1) by striking subsection (e); and

(2) by redesignating subsection (f) as subsection (e).

(d) STUDY.—Section 438 is amended by adding at the end the following new subsection:

"(f) STUDY.—The Comptroller General shall conduct a statistical analysis of the subsidized and unsubsidized student loan programs under part B to gather data on lenders' policies on charging origination fees and to determine if there are any anomalies that would indicate any institutional, programmatic, or socioeconomic discrimination in the assessing or waiving of such fees. The Comptroller General shall report to the appropriate committees of Congress within two years after the date of enactment of the Higher Education Amendments of 1998.".

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 435. AMENDMENTS TO PART C.

(a) EXTENSION OF AUTHORITY; DEFINITION.—

(1) ELIGIBLE STUDENTS.—Section 441(a) (20 U.S.C. 2751(a)) is amended by inserting after "professional students" the following: ", including students participating in an internship or practicum, or as a research assistant, as determined by the Secretary,".

(2) EXTENSION OF AUTHORITY.—Section 441(b) is amended by striking "$800,000,000 for fiscal year 1993" and inserting "$1,000,000,000 for fiscal year 1999".

(3) DEFINITION OF COMMUNITY SERVICE.—Section 441(c) is amended by striking "which are" and inserting "that are performed off-campus or on-campus and that are".

(b) ALLOCATION OF FUNDS.—Section 442 (42 U.S.C. 2752) is amended—

(1) by striking subsection (b);

(2) in subsection (c)(1), by striking "three-quarters of the remainder" and inserting "the remainder";

(3) in subsection (c)(2)(A)(i), by striking "subsection (d)" and inserting "subsection (c)";

(4) in subsection (e)(1), by striking "subsection (c)" and inserting "subsection (b)"; and

(5) by redesignating subsections (c), (d), (e), and (f) as subsections (b), (c), (d), and (e), respectively.

(c) TUTORING AND LITERACY ACTIVITIES.—Section 443 of the Higher Education Act of 1965 (42 U.S.C. 2753) is amended—

(1) in subsection (b)(2)—

(A) by striking "and" at the end of subparagraph (A);

(B) by redesignating subparagraph (B) as subparagraph (C); and

(C) by inserting after subparagraph (A) the following new subparagraph:

"(B) in academic year 1999 and succeeding academic years, an institution shall use at least 2 percent of the total amount of funds granted to such institution under this section for such academic year in accordance with subsection (d); and"; and

(2) by adding at the end the following new subsection:

"(d) TUTORING AND LITERACY ACTIVITIES.—

"(1) USE OF FUNDS.—In any academic year to which subsection (b)(2)(B) applies, an institution shall use the amount required to be used in accordance with this subsection to compensate (including compensation for time spent in directly related training and travel) students—

"(A) employed as a reading tutor for children who are in preschool through elementary school; or

"(B) employed in family literacy projects.

"(2) PRIORITY FOR SCHOOLS.—An institution shall—

"(A) give priority, in using such funds, to the employment of students in the provision of tutoring services in schools that—

"(i) are identified for school improvement under section 1116(c) of the Elementary and Secondary Education Act of 1965; or

"(ii) are selected by a local educational agency under section 15104(a)(2) of such Act; and

"(B) ensure that any student compensated with such funds who is employed in a school selected under section 15104(a)(2) of the Elementary and Secondary Education Act of 1965 is trained in the instructional practices based on reliable, replicable research on reading used by the school pursuant to such section 15104.

"(3) FEDERAL SHARE.—The Federal share of the compensation of work study students compensated under this subsection may exceed 75 percent.

"(4) WAIVER.—The Secretary may waive the requirements of this subsection if the Secretary determines that enforcing such requirements would cause a hardship for students at the institution.

"(5) RETURN OF FUNDS.—Any institution that does not use the amount required under this subsection, and that does not request and receive a waiver from the Secretary under paragraph (4), shall return to the Secretary, at such time as the Secretary may require for reallocation under paragraph (6), any balance of such amount that is not used as so required.

"(6) REALLOCATION.—The Secretary shall reallot any amounts returned pursuant to paragraph (5) among institutions that used at least 4 percent of the total amount of funds granted to such institution under this section to compensate students employed in tutoring and literacy activities in the preceding academic year. Such funds shall be reallotted among such institutions on the same basis as excess eligible amounts are allocated to institutions pursuant to section 442(c). Funds received by institutions pursuant to this paragraph shall be used in the same manner as amounts required to be used in accordance with this subsection.".

(d) GRANT REQUIREMENTS.—

(1) COMMUNITY SERVICE.—Section 443(b)(2)(A) (42 U.S.C. 2753(b)(2)(A)) is amended—

(A) by striking "in fiscal year 1994 and succeeding fiscal years,"; and

(B) by inserting "(including time spent in travel or training, or both, directly related to such community service)" after "community service".

(2) USE OF FUNDS FOR INDEPENDENT AND LESS-THAN-FULL-TIME STUDENTS.—Section 443(b)(3) (42 U.S.C. 2753(b)(3)) is amended to read as follows:

"(3) provide that in the selection of students for employment under such work-study program, only students, who demonstrate financial need in accordance with part F of this title, and who meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, or (B) independent students, then grant funds shall be made available to such less than full-time and independent students;".

(3) AVAILABILITY OF EMPLOYMENT.—Section 443(b)(6) is amended by striking everything after "in need thereof" and inserting a semicolon.

(4) ACADEMIC RELEVANCE.—Section 443(c)(4) is amended by inserting before the semicolon at the end the following: ", to the maximum extent practicable".

(e) FLEXIBLE USE OF FUNDS.—Section 445(b) (42 U.S.C. 2755(b)) is amended by adding at the end the following new paragraph:

"(3) An eligible institution may, with the permission of a student, make payments to the student under this part by crediting the student's account at the institution or by making a direct deposit to the student's account at a depository institution. An eligible institution may only credit the student's account at the institution for (A) tuition and fees, (B) in the case of institutionally owned housing, room and board, and (C) other institutionally provided goods and services.".

(f) JOB LOCATION AND DEVELOPMENT PROGRAMS.—Section 446 (42 U.S.C. 2756) is amended—

(1) in subsection (a)(1)—

(A) by striking "$50,000" and inserting "$60,000"; and

(B) by striking "community service jobs, for currently enrolled students" and inserting "community service jobs and cooperative education jobs, for currently enrolled students, including students participating in work-study programs under this part"; and

(2) in subsection (b)—

(A) by redesignating paragraphs (4) through (6) as paragraphs (5) through (7); and

(B) by inserting after paragraph (3) the following new paragraph:

"(4) provide that the institution will notify the Secretary if the institution will use funds under this section to develop cooperative education jobs and will provide assurances that—

"(A) the funds provided under this paragraph will supplement and not supplant any cooperative education funds available to the institution;

"(B) in the case of 2-year programs, funds will be used to develop and expand cooperative education, jobs for associate degree or certificate students only;

"(C) the work portion of a cooperative education job developed or expanded under this paragraph will be related to a student's academic program; and

"(D) the institution will furnish the Secretary a report on cooperative education jobs expanded and developed under this paragraph, including—

"(i) how the funds were used;

"(ii) a list of employers and whether the employer is a for-profit or not-for-profit entity; and

"(iii) the employers' role in the cooperative education job.".

(g) Work Colleges Extension of Authority.—Section 448(f) (42 U.S.C. 2756b(f)) is amended by striking "1993" and inserting "1999".

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

SEC. 436. SELECTION OF INSTITUTIONS.

(a) General Authority.—Section 453(a) (20 U.S.C. 1087c(a)) is amended—

(1) by striking "Phase-In" and everything that follows through "General authority.—" and inserting "General Authority.—"; and

(2) by striking paragraphs (2), (3), and (4).

(b) Selection Criteria.—Section 453(b)(2) is amended by striking "prescribe," and everything that follows through the end of subparagraph (B) and inserting "prescribe.".

(c) Origination.—Section 453(c) is amended—

(1) in paragraph (2)—

(A) in the heading, by striking "Transition selection criteria" and inserting "Selection criteria";

(B) by striking "For academic year 1994–1995, the Secretary" and inserting "The Secretary";

(C) by striking subparagraph (A); and

(D) in subparagraph (E), by striking everything after "deficiencies" and inserting a semicolon; and

(E) by redesignating subparagraphs (B) through (H) as subparagraphs (A) through (G); and

(2) in paragraph (3)—

(A) in the heading, by striking "after transition"; and

(B) by striking "For academic year 1995–1996 and subsequent academic years, the Secretary" and inserting "The Secretary".

SEC. 437. TERMS AND CONDITIONS.

(a) Interest Rates.—

(1) Amendment.—Section 455(b) (20 U.S.C. 1087e(b)) is amended to read as follows:

"(b) Interest Rate.—

"(1) Rates for fdsl and fdusl.—For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

"(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

"(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

"(2) In school and grace period rules.—With respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

"(A) prior to the beginning of the repayment period of the loan; or

"(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting '1.7 percent' for '2.3 percent'.

"(3) PLUS loans.—With respect to Federal Direct PLUS Loans for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

"(A) by substituting '3.1 percent' for '2.3 percent'; and

"(B) by substituting '9.0 percent' for '8.25 percent'.

"(4) Repayment incentives.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe in regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment. Such reductions may be offered only if the Secretary determines they are both cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions must be completely offset by corresponding savings in funds available for the Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

"(5) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.".

(2) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to any loan made under part D of title IV of the Higher Education Act of 1965 for which the first disbursement is made on or after July 1, 1998.

(b) CONSOLIDATION LOANS.—The first sentence of section 455(g) is amended by striking everything after "section 428C(a)(4)" and inserting a period.

SEC. 438. CONTRACTS.

Section 456(b) (20 U.S.C. 1087f(b)) is amended—

(1) by inserting "and" after the semicolon at the end of paragraph (3);

(2) by striking paragraph (4); and

(3) by redesignating paragraph (5) as paragraph (4).

SEC. 439. FUNDS FOR ADMINISTRATIVE EXPENSES.

Section 458 (20 U.S.C. 1087h) is amended—

(1) in subsection (a)(1), by striking subparagraph (B) and everything that follows and inserting the following:

"(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with paragraph (2),

not to exceed (from such funds not otherwise appropriated) $626,000,000 in fiscal year 1999, $726,000,000 in fiscal year 2000, $770,000,000 in fiscal year 2001, $780,000,000 in fiscal year 2002, and $795,000,000 in fiscal year 2003. Account maintenance fees under subparagraph (B) of this paragraph shall be paid quarterly and deposited in the Operating Fund established under 422B. The Secretary may carry over funds available under this section to a subsequent fiscal year.";

(2) by striking paragraph (2) of subsection (a) and inserting the following:

"(2) CALCULATION BASIS.—Account maintenance fees payable to guaranty agencies under paragraph (1)(B) shall be calculated for fiscal year 1999 and fiscal year 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B, and for fiscal years 2001 and succeeding fiscal years, shall be calculated on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B."; and

(3) by striking subsection (d).

SEC. 440. AUTHORITY TO SELL LOANS.

Part D of title IV (20 U.S.C. 1087a et seq.) is amended by adding at the end the following new section:

"SEC. 459. AUTHORITY TO SELL LOANS.

"The Secretary, in consultation with the Secretary of the Treasury, is authorized to sell loans made under this part on such terms as the Secretary determines are in the best interest of the United States, except that any such sale shall not result in any cost to the Federal Government. Notwithstanding any other provision of law, the proceeds of any such sale may be used by the Secretary to offer reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment. Such reductions may be offered only if the Secretary determines they are in the best financial interests of the Federal Government.".

SEC. 441. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

Part D of title IV is amended by inserting after section 459, as added by section 440, the following new section:

"SEC. 459A. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

"(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—

"(1) FUNCTIONS OF SECRETARY.—The percent specified in paragraph (4) of the total amount of any qualifying loan shall be canceled for each complete year of service by the borrower described in paragraph (3).

"(2) QUALIFYING LOANS.—

"(A) IN GENERAL.—For purposes of this subsection, a loan is a qualifying loan if—

"(i) the loan was a Federal Direct Stafford Loan made on or after the date of enactment of the Higher Education Amendments of 1998 to a borrower who, on the date of entering into the note or other written evidence of the loan, had no outstanding balance of principal or interest on any loan made before such date; and

"(ii) the loan was obtained to cover the cost of instruction for an academic year after the first and second year of undergraduate education.

"(B) LIMITATION.—The Secretary may not repay loans described in subparagraph (A) to cover the costs of instruction for more than two academic years, or three academic years in the case of a program of instruction normally requiring five years.

"(C) TREATMENT OF CONSOLIDATION LOANS.—A Federal Direct Consolidation Loan may be a qualifying loan for the purposes of this subsection only to the extent that such loan was used to repay a loan or loans that meet the requirements of subparagraphs (A) and (B), as determined in accordance with regulations prescribed by the Secretary.

"(3) QUALIFYING SERVICE.—A loan shall be cancelled under paragraph (1) for service by the borrower as a full-time teacher for each complete academic year of service, after completion of the second academic year of service, in a public or other nonprofit private elementary or secondary school—

"(A) which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965; and

"(B) which for the purpose of this paragraph and for that year has been determined by the State educational agency of the State in which the school is located to be a school in which the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

"(4) PERCENTAGE OF CANCELLATION.—(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is at the rate of—

"(i) 30 percent for the first or second complete academic year of qualifying service as described in paragraph (3) (after completion of two years of service); and

"(ii) 40 percent for the third complete year of such qualifying service.

"(B) The total amount that may be canceled under this subsection for any borrower shall not exceed $17,750.

"(C) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

"(D) Nothing in this section shall be construed to authorize refunding of any repayment of a loan.

"(5) LIMITATION ON TEACHER ELIGIBILITY.—

"(A) SECONDARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a secondary school unless such borrower majored in the subject area in which they are teaching.

"(B) ELEMENTARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a elementary school unless such borrower demonstrates, in accordance with State teacher certification or licensing requirements, subject matter knowledge and teaching skills in reading, writing, mathematics, and other subjects taught in elementary schools.

"(6) DEFINITION.—For the purpose of this section, the term 'year' where applied to service as a teacher means an academic year as defined by the Secretary.

"(7) TREATMENT OF CANCELED AMOUNTS.—The amount of a loan, and interest on a loan, which is canceled under this section shall not be considered income for purposes of the Internal Revenue Code of 1986.

"(8) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

"(b) SPECIAL RULES.—

"(1) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (a)(3) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

"(2) CONTINUING ELIGIBILITY.—Any teacher who performs service in a school which—

"(A) meets the requirements of subsection (a)(3) in any year during such service; and

"(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (a)(1) with respect to such subsequent years.".

PART E—FEDERAL PERKINS LOANS

SEC. 445. AMENDMENTS TO PART E.

(a) EXTENSION OF AUTHORITY.—Section 461(b) (20 U.S.C. 1087aa(b)) is amended—

(1) in paragraph (1), by striking "1993" and inserting "1999"; and

(2) in paragraph (2), by striking "1997" each place it appears and inserting "2003".

(b) ALLOCATION OF FUNDS.—Section 462 (20 U.S.C. 1087bb) is amended—

(1) by striking subsection (b);

(2) in subsection (c)(1), by striking "three-quarters of the remainder" and inserting "the remainder";

(3) in subsection (c)(2), by striking "subsection (g)" and inserting "subsection (f)";

(4) in subsection (c)(3)—

(A) by striking "subsection (d)" and inserting "subsection (c)";

(B) by striking "subsection (f)" and inserting "subsection (e)"; and

(C) by striking "subsection (g)" and inserting "subsection (f)";

(5) in subsection (f)(1), by striking "subsection (g)" and inserting "subsection (f)";

(6) in subsection (j)(2)—

(A) by striking "subsection (c)" and inserting "subsection (b)"; and

(B) by striking "subsection (c) of section 462" and inserting "subsection (b)"; and

(7) by redesignating subsections (c) through (j) as subsections (b) through (i), respectively.

(c) DEFAULT REDUCTION PENALTIES.—Section 462(e)(2)(A) (as redesignated by subsection (b)(7) of this section) is amended by inserting before the semicolon at the end the following: ", except that a plan shall not be required with respect to any such institution that has a default rate of less than 20 percent and has less than 100 students who have loans under this part in any academic year".

(d) DEFINITIONS FOR DEFAULT RATE CALCULATIONS.—Section 462(g) (as redesignated by subsection (b)(7) of this section) is amended by adding at the end the following new paragraph:

"(5) For the purpose of this subsection, the term 'satisfactory arrangements to resume payment' includes—

"(A) receipt of voluntary monthly payments for three consecutive months after the time periods specified in paragraph (4);

"(B) receipt of voluntary payments sufficient to bring the loan current prior to the calculation being made for any award year under paragraph (3);

"(C) obtaining any deferment, postponement, rehabilitation, forbearance, or cancellation of the loan after the time periods specified in paragraph (4), but prior to the calculation being made for any award year under paragraph (3);

"(D) receipt of the full amount due on the loan after the time periods specified in paragraph (4), but prior to the calculation being made for any award year under paragraph (3); or

"(E) any other arrangements to resume payment which the Secretary determines to be satisfactory.".

(e) REPORTS TO CREDIT BUREAUS OF PAYMENT RESUMPTIONS.—Section 463(c) (20 U.S.C. 1087cc(c)) is amended by adding at the end the following new paragraph:

"(5) Each institution of higher education shall notify the appropriate credit bureau organizations whenever a borrower of a loan that is made and held by the institution and that is in default makes 12 consecutive monthly payments on such loan, for the purpose of encouraging such organizations to update the status of information maintained with respect to that borrower.".

(f) Incentive Repayment Programs.—Section 463 is amended by adding at the end the following new subsection:

"(f) Incentive Repayment Programs.—

"(1) Program authorized.—Any institution of higher education participating in the program under this part may establish, with the approval of the Secretary, an incentive repayment program designed to reduce defaults on loans under this part and to assist in replenishing the student loan fund established under this part.

"(2) Contents of program.—An incentive repayment program under this part may contain provisions that—

"(A) offer a reduction in the interest rate on a loan on which the borrower has made 48 consecutive monthly payments, but in no event may the interest rate be reduced by more than one percent;

"(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event shall such discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

"(C) include such other incentive repayment options as the institution determines, with the approval of the Secretary, will carry out the objectives of this subsection.

"(3) No net cost to the government.—No incentive option contained in a program authorized by this subsection may be charged to the Federal Government.".

(g) Terms of Loans.—

(1) Aggregate amount.—Section 464(a)(2)(B) (20 U.S.C. 1087dd(a)(2)(B)) is amended by striking "the aggregate of the loans for all years" and inserting "the aggregate unpaid principal amount for all loans".

(2) Allocation to less-than-full-time students.—Section 464(b) is amended—

(A) by striking "(1)"; and

(B) by striking paragraph (2).

(3) Qualification for deferments.—Section 464(c)(2) is amended by adding at the end the following new subparagraph:

"(C) An individual with an outstanding loan balance who meets the eligibility criteria for a deferment described in subparagraph (A) as in effect on the date of enactment of this subparagraph shall be eligible for deferment under this paragraph notwithstanding any contrary provision of the promissory note under which the loan or loans were made, and notwithstanding any amendment (or effective date provision relating to any amendment) to this section made prior to the date of such deferment.".

(4) Clerical amendment.—The matter following clause (iv) of section 464(c)(2)(A) is amended by striking "subparagraph (B)" and inserting "subparagraph (A) of paragraph (1)".

(h) Rehabilitation and Discharge of Loans.—Section 464 is further amended by adding at the end the following new subsections:

"(g) Rehabilitation of Loans.—(1)(A) If the borrower of a loan made under this part who has defaulted on the loan makes 12 on-time, consecutive, monthly payments of amounts owed on the loan, the loan shall be considered rehabilitated, and the institution that made the loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit reporting organization to which the default was reported to remove the default from the borrower's credit history.

"(B) As long as the borrower continues to make scheduled repayments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and qualify for the same benefits and privileges, as other loans made under this part.

"(C) The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which he or she is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

"(D) A borrower may obtain the benefit of this paragraph with respect to rehabilitating the loan only once.

"(2) If the borrower of loan made under this part who has defaulted on that loan makes 6 on-time, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower may obtain the benefit of this paragraph with respect to restored eligibility only once.

"(h) Discharge.—

"(1) In general.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge the borrower's liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals, or settle the loan obligation.

"(2) Assignment.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund up to the amount discharged against the institution and its affiliates and principals.

"(3) Eligibility for additional assistance.—The period of a student's assistance at an institution at which the student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

"(4) Special rule.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan, or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan). The amount discharged under this subsection shall be treated the same as loans under section 465(a)(5).

"(5) Reporting.—The Secretary or institution, as the case may be, shall report to credit bureaus with respect to loans that have been discharged pursuant to this subsection.".

(i) Cancellation.—Section 465 (20 U.S.C. 1087ee) is amended—

(1) in subsection (a)—

(A) in paragraph (2)(C), by striking "section 676(b)(9)" and inserting "section 635(a)(10)";

(B) by striking subparagraph (H) of paragraph (2) and inserting the following:

"(H) as a full-time nurse or medical technician providing health care services;";

(C) by striking the period at the end of subparagraph (I) of such paragraph and inserting a semicolon;

(D) by adding at the end of such paragraph the following new subparagraphs:

"(J) as a member of the Commissioned Corps of the Public Health Service of the United States; or

"(K) as a non-physician mental health professional providing health care services in a health professional shortage area designated under section 332 of the Public Health Service Act.";

(E) in the last sentence of paragraph (2), by striking "section 602(a)(1)" and inserting "section 602(3)"; and

(F) by adding at the end the following new paragraph:

"(7) An individual with an outstanding loan obligation who performs service of any type that is described in paragraph (2) as in effect on the date of enactment of this paragraph shall be eligible for cancellation under this section for such service notwithstanding any contrary provision of the promissory note under which the loan or loans were made, and notwithstanding any amendment (or effective date provision relating to any amendment) to this section made prior to the date of such service."; and

(2) in subsection (b), by adding at the end the following new sentence: "To the extent feasible, the Secretary shall pay the amounts for which any institution qualifies under this subsection no later than three months after the institution files an institutional application for campus-based funds.".

(j) Distribution of Assets.—Section 466 (20 U.S.C. 1087ff) is amended—

(1) by striking "1996" each place it appears and inserting "2003"; and

(2) by striking "1997" each place it appears and inserting "2004".

(k) Collection of Defaulted Loans.—

(1) Repeal.—Subsection (c) of section 467 (20 U.S.C. 1087gg(c)) is repealed.

(2) Deposit.—Any funds in the Perkins Revolving Loan Fund on the date of enactment of this Act shall be deposited in the general fund of the Treasury.

(*l*) Status Confirmation Reports.—Section 468 (20 U.S.C. 1087hh) is amended—

(1) by inserting "(a) In General.—" before "In carrying out"; and

(2) by adding at the end the following new subsection:

"(b) Student Status Confirmation Reports.—The Secretary shall ensure that borrowers under this part are included in the student status confirmation report required by the Secretary in the same manner as borrowers under parts B and D of this title.".

PART F—NEED ANALYSIS

SEC. 446. COST OF ATTENDANCE.

Section 472 (20 U.S.C. 1087*ll*) is amended—

(1) in paragraph (2), by inserting after "personal expenses" the following: ", including a reasonable allowance for the rental or purchase of a personal computer,"; and

(2) in paragraph (10), by striking everything after "determining costs" and inserting a semicolon.

SEC. 447. DATA ELEMENTS.

Section 474(b)(3) (20 U.S.C. 1087nn(b)(3)) is amended by inserting ", excluding the student's parents," after "family of the student".

SEC. 448. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

(a) Parents' Contribution From Adjusted Available Income.—Section 475(b)(3) (20 U.S.C. 1087*oo*(b)(3)) is amended by inserting ", excluding the student's parents," after "number of the family members".

(b) Family Contribution From Assets.—Section 475 is amended—

(1) in subsection (b)(1)(B), by striking "parents' contribution" and inserting "family contribution";

(2) in the heading of subsection (d), by striking "Parents' Contribution" and inserting "Family Contribution";

(3) in subsection (d)(1)—

(A) by striking "parents' contribution" and inserting "family contribution"; and

(B) by striking "parental net worth" in subparagraph (A) and inserting "family net worth";

(4) in subsection (d)(2)—

(A) by striking "Parental" in the heading and inserting "Family";

(B) by striking "parental net worth" and inserting "family net worth"; and

(C) by inserting ", for both the parents and the dependent student" after "by adding";

(5) by striking subsection (h); and

(6) by redesignating subsection (i) as subsection (h).

(c) Student Contribution From Available Income.—Section 475(g) is amended—

(1) in paragraph (2)—

(A) in subparagraph (D), by striking "$1,750; and" and inserting "$3,000, or a successor amount prescribed by the Secretary under section 478;";

(B) by striking the period at the end of subparagraph (E) and inserting "; and"; and

(C) by inserting after subparagraph (E) the following new subparagraph:

"(F) an allowance for parents' negative available income, determined in accordance with paragraph (6)."; and

(2) by adding at the end the following new paragraph:

"(6) Allowance for parents' negative available income.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (2) exceeds the parents' total income (as defined in section 480).".

(e) Adjustments to Students Contribution for Enrollment Periods Other Than Nine Months.—Section 475 is amended by adding at the end the following new subsection:

"(i) Adjustments to Students Contribution for Enrollment Periods of Less Than Nine Months.—For periods of enrollment of less than nine months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing amount determined under such subsection by nine, and multiplying the result by the number of months in the period of enrollment.".

SEC. 449. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.

(a) ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER THAN NINE MONTHS.—Section 476(a) (20 U.S.C. 1087pp(a)) is amended—

(1) by striking "and" at the end of paragraph (1)(B);

(2) by inserting "and" after the semicolon at the end of paragraph (2); and

(3) by inserting after paragraph (2) the following new paragraph:

"(3) for periods of enrollment of other than 9 months, for purposes other than subpart 2 of part A—

"(A) dividing the quotient resulting under paragraph (2) by nine; and

"(B) multiplying the result by the number of months in the period of enrollment;".

(b) CONTRIBUTION FROM AVAILABLE INCOME.—Section 476(b)(1)(A)(iv) is amended—

(1) by striking "allowance of—" and inserting "allowance of the following amount (or a successor amount prescribed by the Secretary under section 478)—";

(2) by striking "$3,000" each place it appears in subclauses (I) and (II) and inserting "$5,500"; and

(3) by striking "$6,000" in subclause (III) and inserting "$8,500".

SEC. 450. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.

Section 477(a) (20 U.S.C. 1087qq(a)) is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by inserting "and" after the semicolon at the end of paragraph (3); and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) for periods of enrollment of other than 9 months, for purposes other than subpart 2 of part A—

"(A) dividing the quotient resulting under paragraph (3) by nine; and

"(B) multiplying the result by the number of months in the period of enrollment;".

SEC. 451. REGULATIONS; UPDATED TABLES AND AMOUNTS.

Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

(1) by striking "For each academic year" and inserting the following:

"(1) REVISED TABLES.—For each academic year"; and

(2) by adding at the end the following new paragraph:

"(2) REVISED AMOUNTS.—For each academic year after academic year 1997–1998, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1996 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.".

SEC. 452. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

(a) SPECIAL CIRCUMSTANCES.—Section 479A(a) (20 U.S.C. 1087tt(a)) is amended—

(1) in the first sentence, by inserting after "(or both)" the following: "or, in extraordinary circumstances, the amount of the expected family contribution,"; and

(2) by inserting after the second sentence the following new sentence: "Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in a family's income or assets or a student's status. Extraordinary circumstances shall be defined by the Secretary by regulation.".

(b) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—Section 479A is amended by striking subsection (c) and inserting the following:

"(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFICATIONS.—On a case-by-case basis, an eligible institution may refuse to certify a statement which permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student and the student is afforded an opportunity to appeal the action in a timely fashion. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or handicapped status.".

SEC. 453. TREATMENT OF OTHER FINANCIAL ASSISTANCE.

Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended by inserting after "paragraph (1)," the following: "a post-service benefit under chapter 30 of title 38, United States Code, or".

PART G—GENERAL PROVISIONS

SEC. 481. DEFINITIONS.

Section 481 (20 U.S.C. 1088), as amended by section 102(b), is further amended by adding at the end the following new subsection:

"(d) DISTANCE LEARNING.—For the purpose of any program under this title, the term 'distance learning' means an educational process that is characterized by the separation, in time or place, between instructor and student. Distance learning may include courses offered principally through the use of—

"(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

"(2) audio or computer conferencing;

"(3) video cassettes or discs; or

"(4) correspondence.".

SEC. 482. MASTER CALENDAR.

(a) REQUIRED SCHEDULE.—Section 482(a) (20 U.S.C. 1089(a)) is amended by adding at the end the following new paragraphs:

"(3) The Secretary shall, to the extent practicable, notify eligible institutions, guaranty agencies, lenders, interested software providers, and, upon request, other interested parties, by December 1 prior to the start of an award year of minimal hardware and software requirements necessary to administer programs under this title.

"(4) The Secretary shall attempt to conduct training activities for financial aid administrators and others in an expeditious and timely manner prior to the start of such award year in order to ensure that all participants are informed of all administrative requirements.".

(b) DELAY OF EFFECTIVE DATE.—Section 482(c) is amended by striking the second sentence and inserting the following: "The Secretary shall provide a period for public comment of not less than 60 days after publication of any notice of proposed rulemaking affecting programs under this title.".

SEC. 483. FORMS AND REGULATIONS.

(a) COMMON FINANCIAL AID FORM.—Section 483(a) (20 U.S.C. 1090(a)) is amended—

(1) in paragraph (1)—

(A) by striking "A, C, D, and E" and inserting "A through E";

(B) by striking "and to determine the need of a student for the purpose of part B of this title"; and

(C) by striking the last sentence and inserting the following: "The Secretary shall include, on the first page of the form, a prominently displayed notice to students and parents advising them to check with the college financial aid office in the event that they have unusual circumstances which may affect their eligibility for financial aid.";

(2) in paragraph (2)—

(A) by striking "A, C, D, and E" each place it appears and inserting "A through E";

(B) by striking "and the need of a student for the purpose of part B of this title,"; and

(C) by striking "or have the student's need established for the purpose of part B of this title";

(3) in the first sentence of paragraph (3), by inserting "processing loan applications and" after "for the purposes of"; and

(4) by adding at the end the following new paragraph:

"(5) ELECTRONIC FORMS.—(A) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, including private computer software providers, shall develop an electronic version of the form described in paragraph (1). Such an electronic version shall not require a signature to be collected at the time such version is submitted, as permitted by the Secretary. The Secretary shall prescribe such version no later than 120 days after the date of enactment of the Higher Education Amendments of 1998.

"(B) Nothing in this section shall prohibit the use of the version of the form developed by the Secretary pursuant to subparagraph (A) by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software providers, a consortium thereof, or such other entities as the Secretary may designate.

"(C) The Secretary shall provide to such organization or consortium necessary specifications that software developed, produced, distributed (including any diskette, modem or network communications, or otherwise) must meet. Included in the specifications shall be test cases that such organization or consortia must use to prove accuracy of its cases to the Secretary. If the results of the test cases are inconsistent with the provisions of this part, the Secretary shall notify the submitting organizations or consortium of his objection within 30 days of such submission. In the absence of such an objection the organization or consortium may use the electronic form as submitted. No fee shall be charged to students in connection with the use of the electronic form, or of any other electronic forms used in conjunction with such form in applying for Federal or State student financial assistance.

"(D) The Secretary shall ensure that data collection complies with section 552a of title 5, United States Code, and that any entity using the version of the form developed by the Secretary pursuant to subparagraph (A) shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or disclosures of the information provided on the version of the form. Data collected by such version of the form shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such version of the form shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary.".

(b) STREAMLINED REAPPLICATION PROCESS.—Section 483(b)(1) is amended by striking ", within 240 days" and everything that follows through "of 1992,".

(c) INFORMATION TO COMMITTEES.—Section 483(c) is amended by striking "and Labor" and inserting "and the Workforce".

(d) TOLL-FREE INFORMATION.—Section 483(d) is amended by striking "section 633(c)" and inserting "section 685(d)(2)(C)".

(e) REPEAL.—Subsection (f) of section 483 is repealed.

SEC. 484. STUDENT ELIGIBILITY.

(a) IN GENERAL.—Section 484(a) (20 U.S.C. 1091(a))—

(1) in paragraph (4), by striking "the institution" and everything that follows through "lender), a document" and inserting "the Federal Government, as part of the original financial aid application process, a certification"; and

(2) in paragraph (4)(B), by inserting after "social security number," the following: "and if a dependent student, the social security number of any parent of such student whose income information is required to be included on the form,".

(b) TERMINATION OF ELIGIBILITY.—Section 484(j) is amended by inserting "until September 30, 2001" after "a student shall be eligible".

(c) VERIFICATION OF INCOME DATA.—Section 484 is amended by adding at the end the following new subsection:

"(q) VERIFICATION OF INCOME DATA.—

"(1) CONFIRMATION WITH IRS.—The Secretary of Education, in cooperation with the Secretary of the Treasury, is authorized to confirm with the Internal Revenue Service the adjusted gross income, filing status, and exemptions reported by applicants (including parents) under this title on their Federal income tax returns for the purpose of verifying the information reported by applicants on student financial aid applications.

"(2) NOTIFICATION.—The Secretary shall establish procedures under which an applicant is notified that the Internal Revenue Service will disclose to the Secretary tax return information as authorized under section 6103(l)(13) of the Internal Revenue Code of 1986.".

(d) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

(1) AMENDMENT.—Section 484 is further amended by adding at the end thereof the following new subsection:

"(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

"(1) IN GENERAL.—An individual student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

"If convicted of an offense involving:

The possession of a controlled substance:	Ineligibility period is:
First offense	1 year
Second offense	2 years
Third offense	indefinite
The sale of a controlled substance:	
First offense	2 years
Second offense	indefinite

"(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (1) may resume eligibility before the end of the period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe for purposes of this paragraph.

"(3) DEFINITIONS.—As used in this subsection, the term 'controlled substance' has the meaning given in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to financial assistance to cover the costs of attendance for periods of enrollment beginning after the date of enactment of this Act.

SEC. 465. STATE COURT JUDGMENTS.

Section 484A (20 U.S.C. 1091a) is amended by adding at the end the following new subsection:

"(c) STATE COURT JUDGMENTS.—A judgment of a State court for the recovery of money provided as grant, loan, or work assistance under this title that has been assigned or transferred to the Secretary under this title may be registered in any district court by filing a certified copy of the judgment and the assignment or other transfer to the Secretary. A judgment so registered shall have the same force and effect, and may be enforced in the same manner, as a judgment of the district court of the district in which the judgment is registered.".

SEC. 466. INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION.—Section 485(a) (20 U.S.C. 1092(a)) is amended—

(1) in paragraph (1), by striking the second sentence and inserting the following: "The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media to all current students and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this Act and section 444 of the General Education Provisions Act (also referred to as the Family Educational Rights and Privacy Act of 1974), together with a statement of the procedures required to obtain such information.";

(2) in paragraph (3)—

(A) in the first sentence, by striking ", or enrolled in any program of an eligible institution for which the prior program provides substantial preparation"; and

(B) by striking subparagraph (A) and inserting the following:

"(A) shall be made available by July 1 each year to current and prospective students prior to enrolling or entering into any financial obligation; and"; and

(3) by adding at the end the following new paragraph:

"(6) Each institution may, but is not required to, provide supplemental information to enrolled and prospective students showing the completion or graduation rate for students transferring into the institution or information showing the rate at which students transfer out of the institution.".

(b) DEPARTMENTAL PUBLICATIONS.—Section 485(d) is amended—

(1) by striking "(1) assist" and inserting "(A) assist";

(2) by striking "(2) assist" and inserting "(B) assist";

(3) by inserting "(1)" before "The Secretary" the first place it appears; and

(4) by adding at the end the following new paragraphs:

"(2) The Secretary shall, to the extent such information is available, compile information describing State prepaid tuition programs and disseminate such information to States, eligible institutions, students, and parents in departmental publications.

"(3) The Secretary shall, to the extent practicable, update the Department's Internet site to include direct links to databases which contain information on public and private financial assistance programs. The Secretary shall only provide direct links to databases which can be accessed without charge and shall verify with appropriate parties that the databases included in the direct link are not in any way providing fraudulent information. The Secretary shall prominently display adjacent to the direct link a disclaimer indicating that a direct link to a database does not constitute an endorsement or recommendation of the database or its provider or any services or products of such provider. The Secretary shall provide additional direct links to information resources from which students may obtain information about fraudulent and deceptive practices in the provision of services related to student financial aid.".

(c) DISCLOSURES.—Section 485(e) is amended—

(1) in paragraph (2)—

(A) by striking "his parents, his guidance" and inserting "the student's parents, guidance"; and

(B) by adding at the end the following new sentence: "If the institution is a member of a national collegiate athletic association that compiles graduation rate data on behalf of its member institutions that the Secretary determines is substantially comparable to the information described in paragraph (1), the distribution of the compilation of such data to all secondary schools in the United States shall fulfill the responsibility of the institution to provide information to a prospective student athlete's guidance counselor and coach.";

(2) in paragraph (4), by striking "when such completion or graduation rate includes students transferring into and out of such institution" and inserting "for students transferring into the institution or information showing the rate at which students transfer out of the institution"; and

(3) by striking paragraph (9) and inserting the following:

"(9) The reports required by this subsection shall be due on each July 1 and shall cover the 1-year period ending August 31 of the preceding year.".

(d) CAMPUS CRIME REPORTING AND DISCLOSURE.—Section 485(f) is amended—

(1) in paragraph (1)—

(A) by striking subparagraph (F) and inserting the following:

"(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years, of the following criminal offenses or arrests reported to campus security authorities, campus officials who have direct administrative responsibility for student or campus activities, disciplinary officers and other officials responsible for resolving student disciplinary matters, athletic department officials, or local police agencies (including offenses handled through the campus disciplinary system):

"(i) murder;
"(ii) sex offenses, forcible or nonforcible;
"(iii) robbery;
"(iv) aggravated assault;
"(v) burglary;
"(vi) motor vehicle theft;
"(vii) manslaughter;
"(viii) larceny;
"(ix) arson; and
"(x) arrests or persons referred for campus disciplinary action for liquor law violations, drug-related violations, and weapons possession.";

(B) by striking subparagraph (H); and

(C) by redesignating subparagraph (I) as subparagraph (H);

(2) in paragraph (4)—

(A) by striking "Upon request of the Secretary, each" and inserting "On an annual basis, each";

(B) by striking "paragraphs (1)(F) and (1)(H)" and inserting "paragraph (1)(F)";

(C) by striking "and Labor" and inserting "and the Workforce";

(D) by striking "1995" and inserting "2000";

(E) by striking "and" at the end of subparagraph (A);

(F) by redesignating subparagraph (B) as subparagraph (C); and

(G) by inserting after subparagraph (A) the following new subparagraph:

"(B) make copies of the statistics submitted to the Secretary available to the public; and";

(3) in paragraph (6)—

(A) by striking "paragraphs (1)(F) and (1)(H)" and inserting "paragraph (1)(F)"; and

(B) by adding at the end the following new sentence: "Such statistics shall not identify victims of crimes or persons accused of crimes."; and

(4) by adding at the end the following new paragraphs:

"(8)(A) Each institution participating in any program under this title that maintains either a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording in chronological order all crimes reported to such police or security department, including the nature, date, time, and general location of each crime and the disposition of the complaint, if known.

"(B) All entries that are required by this paragraph shall be open to public inspection during normal business hours within two business days of the initial report being made to the department, unless—

"(i) disclosure of such information is prohibited by law; or

"(ii) the release of such information is likely to jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence.

Any information withheld under clause (ii) shall be open to public inspection as soon as the damage that is the basis for such withholding is no longer likely to occur.

"(9) The Secretary shall provide technical assistance in complying with the provisions of this section to an institution of higher education who requests such assistance.".

(e) DATA REQUIRED.—Section 485(g) is amended—

(1) in paragraph (1), by adding at the end the following new subparagraphs:

"(I)(i) The total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, derived by the institution from its intercollegiate athletics activities.

"(ii) For the purpose of clause (i), revenues from intercollegiate athletics activities allocable to a sport shall include (without limitation) gate receipts, broadcast revenues, appearance guarantees and options, concessions, and advertising, but revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

"(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, made by the institution for its intercollegiate athletics activities.

"(ii) For the purpose of clause (i) expenses for intercollegiate athletics activities allocable to a sport shall include (without limitation) grants-in-aid, salaries, travel, equipment, and supplies, but expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.

"(K) A statement of any reduction that may or is likely to occur during the ensuing 4 academic years in the number of athletes that will be permitted to participate in any collegiate sport, or in the financial resources that the institution will make available to any such sport, and the reasons for any such reduction."; and

(2) by striking paragraph (5).

SEC. 467. NATIONAL STUDENT LOAN DATA SYSTEM.

Section 485B(a) (20 U.S.C. 1092b(a)) is amended by inserting before the period at the end of the third sentence the following: "no later than one year after the date of enactment of the Higher Education Amendments of 1997".

SEC. 468. PROGRAM PARTICIPATION AGREEMENTS.

(a) REQUIRED CONTENT.—Section 487(a) (20 U.S.C. 1094(a)) is amended—

(1) in the first sentence, by striking ", except with respect to a program under subpart 4 of part A,";

(2) in paragraph (3), by striking subparagraph (B) and inserting the following:

"(B) the appropriate State agency;";

(3) in paragraph (4), by striking "subsection (b)" and inserting "subsection (c)";

(4) in paragraph (15), by striking "State review entities under subpart 1 of part H" and inserting "appropriate State agencies";

(5) by striking paragraph (18) and inserting the following:

"(18) The institution will meet the requirements established pursuant to section 485(g)."; and

(6) by striking paragraph (21) and inserting the following:

"(21) The institution will meet the requirements established by the Secretary, appropriate State agencies, and accrediting agencies, pursuant to part H of this title.".

(b) AUDITS; FINANCIAL RESPONSIBILITY.—Section 487(c) is amended—

(1) in paragraph (1)(A)(i), by striking "State agencies" and everything that follows through the semicolon and inserting "and appropriate State agencies;";

(2) in paragraph (2), by striking "subpart 3" and inserting "subpart 2";

(3) in paragraph (4), by striking ", after consultation" and everything that follows through "part H,"; and

(4) in paragraph (5), by striking "State review" and everything that follows through "part H" and inserting "appropriate State agencies".

SEC. 469. QUALITY ASSURANCE AND REGULATORY SIMPLIFICATION.

Section 487A (20 U.S.C. 1094a) is amended to read as follows:

"SEC. 487A. QUALITY ASSURANCE AND REGULATORY SIMPLIFICATION PROGRAM.

"(a) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Regulatory Simplification Program that provides participating institutions with the opportunity to develop and implement an alternative management program that—

"(1) shall allow alternative methods of complying with regulations issued with respect to parts A through E and G of this title;

"(2) shall not modify or waive the application of any requirement or other provision of this Act; and

"(3) may include a Quality Assurance Program through which individual schools develop and implement their own comprehensive systems to verify student financial aid application data, thereby enhancing program integrity within the student aid delivery system.

"(b) SELECTION CRITERIA.—The criteria for selecting institutions for participation in the Regulatory Simplification Program shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration regulatory simplification goals, as determined by the Secretary. The selection criteria shall ensure the participation of representatives of institutions of higher education according to size, mission, and geographical distribution.

"(c) REMOVAL FROM THE PROGRAM.—The Secretary is authorized to determine—

"(1) when an institution that is unable to administer the Regulatory Simplification Program must be removed from such program, and

"(2) when institutions desiring to cease participation in such Program will be required to complete the current award year under the requirements of the Program.

"(d) EXPERIMENTAL SITES.—The Secretary is authorized to designate institutions selected for participation in the Regulatory Simplification Program as Experimental Sites.

"(e) DEFINITIONS.—For purposes of this section, the term 'current award year' means the award year during which the participating institution indicates its intention to cease participation.".

SEC. 470. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

Part G of title IV is amended—

(1) by redesignating section 487B (20 U.S.C. 1094b) as section 487C; and

(2) by inserting after section 487A (as amended by section 469) the following new section:

"SEC. 487B. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

"(a) PURPOSE.—It is the purpose of this section—

"(1) to allow demonstration programs that are strictly monitored by the Department of Education to test the quality and viability of expanded distance education programs currently restricted under this Act;

"(2) to provide for increased student access to higher education through distance education programs;

"(3) to help determine the most effective means of delivering quality education via distance education course offerings; and

"(4) to help determine the appropriate level of Federal assistance for students enrolled in distance education programs.

"(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

"(1) IN GENERAL.—The Secretary is authorized to select institutions or a consortia of institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs without regard to the current restrictions in part F or G of this title or part A of title I.

"(2) Exemptions.—The Secretary is authorized to exempt any institution or consortia participating in a Distance Education Demonstration Program from any of the requirements of parts F or G of this title, or part A of title I, or the regulations prescribed under such parts.

"(c) Application.—Each institution or consortia of institutions desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

"(d) Selection.—To the extent feasible, the Secretary shall select a representative sample institutions for participation in the demonstration program authorized under this section. In selecting institutions for participation, the Secretary shall take into consideration the institution's financial and administrative capability and the type of program or programs being offered via distance education course offerings. The Secretary shall, in the exercise of his discretion, determine the number of demonstration programs to be allowed based on the number and quality of applications received and the Department's capacity to oversee and monitor each demonstration program.

"(e) Evaluation and Report.—

"(1) Evaluation.—The Secretary shall, on an annual basis, evaluate the demonstration programs authorized under this section. Such evaluations shall specifically review—

"(A) the quality of the programs being offered;

"(B) issues related to student financial assistance for distance education; and

"(C) effective technologies for delivering distance education course offerings.

"(2) Policy analysis.—In addition, the Secretary shall review current policies and identify those policies which present impediments to the development and use of distance learning and other nontraditional methods of expanding access to education.

"(3) Report.—The Secretary shall report to the appropriate committees of Congress with respect to—

"(A) the evaluations of the demonstration programs authorized under this section; and

"(B) any proposed legislative changes designed to enhance the use of distance education.".

SEC. 471. GARNISHMENT REQUIREMENTS.

(a) Maximum Percentage.—Section 488A(a)(1) (20 U.S.C. 1095a(a)(1)) is amended by striking "10 percent" and inserting "15 percent".

(b) No Attachment of Student Assistance.—Section 488A is further amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

"(d) No Attachment of Student Assistance.—Except as authorized in this section, notwithstanding any other provision of Federal or State law, no grant, loan, or work assistance awarded under this title, or property traceable to such assistance, shall be subject to garnishment or attachment in order to satisfy any debt owed by the student awarded such assistance, other than a debt owed to the Secretary and arising under this title.".

SEC. 472. ADMINISTRATIVE SUBPOENA AUTHORITY.

Part G of title IV of the Act is further amended by inserting immediately after section 490 (20 U.S.C. 1097) the following new section:

"SEC. 490A. ADMINISTRATIVE SUBPOENAS.

"(a) Authority.—To assist the Secretary in the conduct of investigations of possible violations of the provisions of this title, the Secretary is authorized to require by subpoena the production of information, documents, reports, answers, records, accounts, papers, and other documentary evidence pertaining to participation in any program under this title. The production of any such records may be required from any place in a State.

"(b) Enforcement.—In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may request the Attorney General to invoke the aid of any court of the United States where such person resides or transacts business for a court order for the enforcement of this section.".

SEC. 473. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

Section 491 (20 U.S.C. 1098) is amended—

(1) in subsection (b)—

(A) by inserting "staffing levels," after "allocations and expenditures," the first place it appears; and

(B) by striking the fourth and fifth sentences and inserting the following: "Reports, publications, and other documents, including documents in electronic form, shall not be subject to review by the Secretary.";

(2) in subsection (c)(1)—

(A) by striking "11 members" and inserting "15 members"; and

(B) by striking "3 members" each place it appears in subparagraphs (A) and (B) and inserting "5 members";

(3) in subsection (c)(2), by striking "7 members" and inserting "11 members";

(4) in subsection (e)—

(A) by striking everything after "except that," in paragraph (1) and inserting the following:

"within 90 days after the date of enactment of the Higher Education Amendments of 1998, 2 additional members shall be appointed by the President pro tempore of the Senate (one upon the recommendation of the Majority Leader and one upon the recommendation of the Minority Leader) and 2 additional members shall be appointed by the Speaker of the House (one upon the recommendation of the Majority Leader and one upon the recommendation of the Minority Leader). Of the additional members—

"(A) 2 shall be appointed for a term of 1 year;

"(B) 1 shall be appointed for a term of 2 years; and

"(C) 1 shall be appointed for a term of 3 years.";

(B) by striking "Six members" in paragraph (4) and inserting "Eight members"; and

(C) by adding at the end the following new paragraph:

"(6) No officer or full-time employee of the United States shall serve as members of the Advisory Committee.";

(5) by striking subsection (g) and inserting the following:

"(g) COMPENSATION AND EXPENSES.—Members of the Advisory Committee may each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.";

(6) in subsection (h)(1), by striking "may be necessary by the Chairman without regard to" and inserting "may be deemed necessary by the Chairman without regard to personnel ceilings or";

(7) in subsection (i), by striking "$750,000" and inserting "$850,000";

(8) by striking subsection (j) and inserting the following:

"(j) SPECIAL ANALYSES AND ACTIVITIES.—The committee shall—

"(1) monitor and evaluate the modernization of student financial aid systems and delivery processes;

"(2) monitor and evaluate the implementation of a performance-based organization within the Department of Education and report to Congress, on not less than an annual basis, including recommendations for improvements; and

"(3) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year high school students.";

(9) in subsection (k), by striking "1998" and inserting "2004"; and

(10) by striking subsection (*l*).

SEC. 474. MEETINGS AND NEGOTIATED RULEMAKING.

Section 492 (20 U.S.C. 1098a) is amended to read as follows:

"SEC. 492. NEGOTIATED RULEMAKING.

"(a) IN GENERAL.—

"(1) REGULATION DEVELOPMENT.—In developing regulations and revisions thereof under this title, the Secretary shall obtain the advice and recommendations of individuals and representatives of the groups involved in student financial assistance programs under this title, such as students, legal assistance organizations that represent students, institutions of higher education, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, and collection agencies.

"(2) INPUT.—Such advice and recommendations may be obtained through such mechanisms as national meetings and electronic exchanges of information.

"(b) PROPOSED REGULATIONS.—After obtaining such advice and recommendations, and prior to publishing any proposed regulations and revisions thereof under this title in the Federal Register, the Secretary shall prepare draft regulations and submit such regulations to a negotiated rulemaking process. In establishing the negotiated rulemaking process under this section, the Secretary shall—

"(1) follow the procedural requirements used in implementing section 1601(b) of the Elementary and Secondary Education Act of 1965;

"(2) select participants in the negotiations process from individuals and groups participating in the exchanges described in subsection (a)(1), including both representatives of such groups from the District of Columbia, and industry participants, and to the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as individuals serving local areas and national markets;

"(3) conduct the negotiations process in a timely manner in order that final regulations may be issued by the Secretary within the 240-day period described in section 431(g) of the General Education Provisions Act, and any subsequent revisions to regulations under this title may be issued in accordance with the master calendar provisions of section 482 of this title; and

"(4) prepare a transcript of the negotiated rulemaking proceedings that shall be available to the public prior to the issuance of any final regulations.

"(c) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act shall not apply to activities carried out under this section.".

PART H—PROGRAM INTEGRITY

SEC. 476. STATE POSTSECONDARY REVIEW PROGRAM.

(a) AMENDMENTS.—Part H of title IV is amended—

(1) in the heading of the part, by striking "**TRIAD**";

(2) by striking subpart 1 (20 U.S.C. 1099a through 1099a–3); and

(3) by redesignating subparts 2 and 3 as subparts 1 and 2, respectively.

(b) CONFORMING AMENDMENTS.—Section 496 (20 U.S.C. 1099b) is amended by striking "subpart 3" each place it appears in subsections (j) and (k) and inserting "subpart 2".

SEC. 477. ACCREDITING AGENCY RECOGNITION.

(a) RECOGNITION.—

(1) The heading of subpart 1 of part H (as redesignated by section 476(a)(3)) is amended by striking "**Approval**" and inserting "**Recognition**".

(2) The heading of section 496 is amended by striking "APPROVAL" and inserting "RECOGNITION".

(b) STANDARDS.—Section 496(a) is amended—

(1) by striking "STANDARDS" and inserting "CRITERIA";

(2) by striking "standards" each place it appears and inserting "criteria";

(3) in paragraph (5)—

(A) by striking "of accreditation" and inserting "for accreditation";

(B) by inserting "the quality (including the quality of distance learning programs or courses) of" before "the institution's";

(C) in subparagraph (G), by striking "program length and tuition and fees in relation to the subject matters taught" and inserting "measures of program length";

(D) by striking subparagraph (J);

(E) in subparagraph (L), by inserting "the most recent student loan default rate data provided by the Secretary and" after "including";

(F) by striking "and" at the end of subparagraph (K);

(G) by inserting "and" after the semicolon at the end of subparagraph (L);

(H) by redesignating subparagraphs (K) and (L) as subparagraphs (J) and (K), respectively;

(I) by inserting after subparagraph (K) (as so redesignated) the following new subparagraph:

"(L) refund policy;"; and

(J) by striking "(J), and (L)" and inserting "(K) and (L)";

(4) in paragraph (7), by striking "State postsecondary review entity" and inserting "State licensing or authorizing agency"; and

(5) in paragraph (8), by striking "State postsecondary" and everything that follows through "is located" and inserting "State licensing or authorizing agency".

(c) OPERATING PROCEDURES.—Section 496(c) is amended—

(1) by striking "approved by the Secretary" and inserting "recognized by the Secretary";

(2) in paragraph (1), by striking "(at least" and everything that follows through "unannounced)," and inserting "(which may include unannounced site visits)"; and

(3) in paragraph (3), by inserting before the semicolon at the end the following: ", except that new sites offered through telecommunications for programs previously included in the scope of accreditation approval need not be subject to such on-site visits".

(d) CONFORMING AMENDMENTS.—Section 496 is further amended—

(1) in subsection (d)—

(A) by striking "APPROVAL" in the heading of such subsection and inserting "RECOGNITION"; and

(B) by striking "approved" and inserting "recognized";

(2) in subsection (f), by striking "approved" and inserting "recognized";

(3) in subsection (g)—

(A) by striking "STANDARDS" and inserting "CRITERIA"; and

(B) by striking "standards" and inserting "criteria";

(4) in subsection (k)(2), by striking "standards" and inserting "criteria";

(5) in subsection (*l*)—

(A) by striking "APPROVAL" in the heading of such subsection and inserting "RECOGNITION";

(B) by striking "the standards" each place it appears and inserting "its standards"; and

(C) by striking "approval" and inserting "recognition"; and

(6) in subsection (n)—

(A) by striking "standards" each place it appears and inserting "criteria";

(B) in paragraph (3)—

(i) by striking "approval or disapproval" and inserting "recognition or denial of recognition"; and

(ii) by striking "approval process" and inserting "recognition process"; and

(C) by striking paragraph (4) and inserting the following:

"(4) The Secretary shall maintain sufficient documentation to support the conclusions reached in the recognition process, and, if the Secretary does not recognize any accreditation agency or association, shall make publicly available the reason for denying recognition, including reference to the specific criteria under this section which have not been fulfilled.".

SEC. 478. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) SINGLE APPLICATION FORM.—Section 498(b)(1) (20 U.S.C. 1099c(b)(1)) is amended by striking "accreditation, and capability" and inserting "accreditation, financial responsibility, and administrative capacity".

(b) FINANCIAL RESPONSIBILITY STANDARDS.—Section 498(c) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by striking "is able" and inserting "has sufficient resources to ensure against the precipitous closure of the institution and is able";

(2) in paragraph (2)—

(A) in the first sentence, by striking "operating losses, net worth, asset-to-liabilities ratios, or operating fund deficits" and inserting "to ratios that demonstrate financial responsibility,";

(B) in the second sentence, by inserting ", public," after "for profit"; and

(C) by inserting before the period at the end the following: ", and develop an appropriate and cost effective process under this subpart that does not duplicate other reporting requirements for assessing and reviewing financial responsibility"; and

(3) in paragraph (4)—

(A) in the first sentence, by striking "ratio of current assets to current liabilities" and inserting "criteria"; and

(B) in subparagraph (C), by striking "current operating ratio requirement" and inserting "criteria imposed by the Secretary pursuant to paragraph (2)".

(c) ADMINISTRATIVE CAPACITY.—Section 498(d)(1) is amended—

(1) in subparagraph (A), by striking "student aid programs; and" and inserting "student financial assistance under this title;";

(2) by redesignating subparagraph (B) as subparagraph (D); and

(3) by inserting after subparagraph (A) the following new subparagraphs:

"(B) written procedures for, or written information relating to, each office with respect to, the approval, disbursement, and delivery of student financial assistance under this title;

"(C)(i) a division of functions for authorizing payments of student financial assistance under this title and the disbursement or delivery of such assistance, so that no office at the institution has responsibility for both functions; and

"(ii) an adequate system of checks and balances for internal control at the institution with respect to student financial assistance under this title; and".

(d) ACTIONS ON APPLICATIONS.—Section 498(f) is amended—

(1) by striking "shall conduct" and inserting "may conduct";

(2) by striking "may establish" and inserting "shall establish";

(3) by striking "may coordinate" and inserting "shall, to the extent practicable, coordinate"; and

(4) by adding at the end the following new sentence: "The Secretary may exempt from the site visit requirement any institution that is participating in the Quality Assurance Program established under section 487A at the time such site visit would be required under this subsection.".

(e) TIME LIMITATIONS.—Section 498(g) is amended to read as follows:

"(g) TIME LIMITATIONS.—(1) After the expiration of the certification of any institution or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

"(2) The Secretary shall notify each institution of the expiration of its eligibility no later than six months prior to such expiration.".

(f) CONFORMING AMENDMENT.—Section 498(h)(2) is amended by striking "approval" and inserting "recognition".

(g) PROVISIONAL CERTIFICATION.—Section 498(i) is amended by adding at the end the following new paragraph:

"(4)(A) The Secretary may provisionally certify an institution seeking approval of a change in ownership based on the preliminary review by the Secretary of a materially complete application that is received by the Secretary within 10 business days of the transaction for which the approval is sought.

"(B) A provisional certification under this paragraph shall expire no later than the end of the month following the month in which the transaction occurred, except that if the Secretary has not issued a decision on the application for the change of ownership within that period, the Secretary may continue such provisional certification on a month-to-month basis until such decision has been issued.".

SEC. 479. PROGRAM REVIEW AND DATA.

(a) GENERAL AUTHORITY.—Section 498A(a) (20 U.S.C. 1099c–1(a)) is amended—

(1) in paragraph (2)—

(A) by striking "may give" and inserting "shall give";

(B) by inserting before the semicolon at the end of subparagraph (C) the following: ", that are not accounted for by changes in those programs";

(C) in subparagraph (D), by striking "the appropriate" and everything that follows through "of this part" and inserting "the State licensing or authorizing agency";

(D) by striking subparagraph (F); and

(E) by redesignating subparagraph (G) as subparagraph (F); and

(2) in paragraph (3)(A), by inserting "relevant" after "all".

(b) SPECIAL ADMINISTRATIVE RULES.—Section 498A(b) is amended to read as follows:

"(b) SPECIAL ADMINISTRATIVE RULES.—(1) In carrying out paragraphs (1) and (2) of subsection (a), the Secretary shall—

"(A) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions; and

"(B) inform the appropriate State agency and accrediting agency or association whenever taking action against an institution under this section, section 498, or section 432.

"(2) The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations. In conducting such review, the Secretary shall consult with relevant representatives of institutions participating in the programs authorized by this title.".

TITLE V—DEVELOPING INSTITUTIONS

SEC. 501. ESTABLISHMENT OF NEW TITLE V.

Title V is amended to read as follows:

"TITLE V—DEVELOPING INSTITUTIONS

"PART A—HISPANIC-SERVING INSTITUTIONS

"SEC. 501. PROGRAM AUTHORIZED.

"The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

"SEC. 502. ELIGIBILITY; DEFINITIONS.

"(a) DEFINITIONS.—For the purpose of this part:

"(1) HISPANIC-SERVING INSTITUTION.—The term 'Hispanic-serving institution' means an institution of higher education which—

"(A) is an eligible institution;

"(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

"(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

"(2) ELIGIBLE INSTITUTION.—The term 'eligible institution' means—

"(A) an institution of higher education—

"(i) which has an enrollment of needy students as required by subsection (b) of this section;

"(ii) except as provided in section 522(b), the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures per full-time equivalent undergraduate student of institutions that offer similar instruction;

"(iii) which is—

"(I) legally authorized to provide, and provides within the State, an educational program for which such institution awards a bachelor's degree; or

"(II) a junior or community college;

"(iv) which is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be reliable authority as to the quality of training offered or which is, according to such an agency or association, making reasonable progress toward accreditation;

"(v) which meets such other requirements as the Secretary may prescribe; and

"(vi) which is located in a State; and

"(B) any branch of any institution of higher education described under subparagraph (A) which by itself satisfies the requirements contained in clauses (i) and (ii) of such subparagraph.

For purposes of the determination of whether an institution is an eligible institution under this paragraph, the factor described under subparagraph (A)(i) shall be given twice the weight of the factor described under subparagraph (A)(ii).

"(3) LOW-INCOME INDIVIDUAL.—The term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

"(4) FULL-TIME EQUIVALENT STUDENTS.—The term 'full-time equivalent students' means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by 12) at such institution.

"(5) JUNIOR OR COMMUNITY COLLEGE.—The term 'junior or community college' means an institution of higher education—

"(A) that admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit from the training offered by the institution;

"(B) that does not provide an educational program for which it awards a bachelor's degree (or an equivalent degree); and

"(C) that—

"(i) provides an educational program of not less than 2 years that is acceptable for full credit toward such a degree, or

"(ii) offers a 2-year program in engineering, mathematics, or the physical or biological sciences, designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

"(6) EDUCATIONAL AND GENERAL EXPENDITURES.—For the purpose of this part, the term 'educational and general expenditures' means the total amount expended by an institution of higher education for instruction, research, public service, academic support (including library expenditures), student services, institutional support, scholarships and fellowships, operation and maintenance expenditures for the physical plant, and any mandatory transfers which the institution is required to pay by law.

"(7) ENDOWMENT FUND.—For the purpose of this part, the term 'endowment fund' means a fund that—

"(A) is established by State law, by an institution of higher education, or by a foundation that is exempt from Federal income taxation;

"(B) is maintained for the purpose of generating income for the support of the institution; and

"(C) does not include real estate.

"(b) ENROLLMENT OF NEEDY STUDENTS.—For the purpose of this part, the term 'enrollment of needy students' means an enrollment at an institution of higher education or a junior or community college which includes—

"(1) at least 50 percent of the degree students so enrolled who are receiving need-based assistance under title IV of this Act in the second fiscal year preceding the fiscal year for which the determination is being made (other than loans for which an interest subsidy is paid pursuant to section 428), or

"(2) a substantial percentage of students receiving Pell Grants in the second fiscal year preceding the fiscal year for which determination is being made, in comparison with the percentage of students receiving Pell Grants at all such institutions in the second fiscal year preceding the fiscal year for which the determination is made, unless the requirement of this subdivision is waived under section 522(a).

"SEC. 503. AUTHORIZED ACTIVITIES.

"(a) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this part shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs.

"(b) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

"(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

"(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities;

"(3) support of faculty exchanges, faculty development, curriculum development, academic instruction, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

"(4) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

"(5) tutoring, counseling, and student service programs designed to improve academic success;

"(6) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

"(7) joint use of facilities, such as laboratories and libraries;

"(8) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

"(9) establishing or improving an endowment fund;

"(10) creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services;

"(11) establishing or enhancing a program of teacher education designed to qualify students to teach in public elementary and secondary schools;

"(12) establishing community outreach programs which will encourage elementary and secondary school students to develop academic skills and the interest to pursue postsecondary education;

"(13) improving and expanding graduate and professional opportunities for Hispanic students; and

"(14) other activities proposed in the application submitted pursuant to section 504 that—

"(A) contribute to carrying out the purposes of this section; and

"(B) are approved by the Secretary as part of the review and acceptance of such application.

"(c) Endowment Fund Limitations.—

"(1) Portion of grant.—An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

"(2) Matching required.—An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

"(3) Regulations.—The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.

"SEC. 504. APPLICATION PROCESS.

"(a) Institutional Eligibility.—Each Hispanic-serving institution desiring to receive assistance under this part shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is a Hispanic-serving institution, along with such other information and data as the Secretary may by regulation require.

"(b) Applications.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the information and data submitted under subsection (a)) may submit an application for assistance under this section to the Secretary. Such application shall include—

"(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low-income students; and

"(2) such other information and assurance as the Secretary may require.

"(c) Priority.—The Secretary shall give priority to applications that contain satisfactory evidence that such institution has entered into or will enter into a collaborative arrangement with at least one local educational agency or community-based organization having demonstrated effectiveness to provide such agency with assistance (from funds other than funds provided under this part) in reducing Hispanic dropout rates, improving Hispanic rates of academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education.

"(d) Special Rule.—For the purposes of this part, no Hispanic-serving college or university which is eligible for and receives funds under this part may concurrently receive other funds under title III.

"SEC. 505. DURATION OF GRANT.

"(a) Award Period.—The Secretary may award a grant to an eligible institution under this part for 5 years, except that no institution shall be eligible to secure a subsequent 5-year grant award under this part until two years have elapsed since the expiration of its most recent 5-year grant award.

"(b) Limitations.—In awarding grants under this part the Secretary shall give priority to applicants who are not already receiving a grant under this part, except that for the purpose of this subsection a grant under section 524(a)(1) shall not be considered a grant under this part.

"(c) Planning Grants.—Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of preparation of plans and applications for a grant under this part.

"PART B—GENERAL PROVISIONS

"SEC. 521. APPLICATIONS FOR ASSISTANCE.

"(a) Applications.—

"(1) Applications Required.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title only if the Secretary determines that—

"(A) the application meets the requirements of subsection (b);

"(B) the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought; and

"(C) the applicant's performance goals are sufficiently rigorous as to meet the purposes of this title and the performance objectives and indicators for this title established by the Secretary pursuant to the Government Performance and Results Act.

"(2) Preliminary Applications.—In carrying out paragraph (1), the Secretary shall develop a preliminary application for use by eligible institutions applying under part A prior to the submission of the principal application.

"(b) Contents.—An institution, in its application for a grant, shall—

"(1) set forth, or describe how the institution will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title);

"(2) set forth policies and procedures to ensure that Federal funds made available under this title for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 503, and in no case supplant those funds;

"(3) set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this title;

"(4) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the applicant under this title;

"(5) provide (A) for making such reports, in such form and containing such information, as the Secretary may require to carry out the functions under this title and the Government Performance and Results Act, including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded, and (B) for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

"(6) provide that the institution will comply with the limitations set forth in section 526;

"(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

"(A) a description of the various components of the proposed project, including the estimated time required to complete each such component;

"(B) in the case of any development project which consists of several components (as described by the applicant pursuant to subparagraph (A)), a statement identifying those components which, if separately funded, would be sound investments of Federal funds and those components which would be sound investments of Federal funds only if funded under this title in conjunction with other parts of the development project (as specified by the applicant);

"(C) an evaluation by the applicant of the priority given any proposed project for which funds are sought in relation to any other projects for which funds are sought by the applicant under this title, and a similar evaluation regarding priorities among the components of any single proposed project (as described by the applicant pursuant to subparagraph (A));

"(D) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

"(E) a detailed description of any activity which involves the expenditure of more than $25,000, as identified in the budget referred to in subparagraph (D); and

"(8) include such other information as the Secretary may prescribe.

"(c) Priority Criteria Publication Required.—The Secretary shall publish in the Federal Register, pursuant to chapter 5 of title 5, United States Code, all policies and procedures required to exercise the authority set forth in subsection (a). No other criteria, policies, or procedures shall apply.

"(d) Eligibility Data.—The Secretary shall use the most recent and relevant data concerning the number and percentage of students receiving need-based assistance under title IV of this Act in making eligibility determinations and shall advance the base-year forward following each annual grant cycle.

"SEC. 522. WAIVER AUTHORITY AND REPORTING REQUIREMENT.

"(a) WAIVER REQUIREMENTS; NEED-BASED ASSISTANCE STUDENTS.—The Secretary may waive the requirements set forth in section 502(a)(2)(A)(i) in the case of an institution—

"(1) which is extensively subsidized by the State in which it is located and charges low or no tuition;

"(2) which serves a substantial number of low-income students as a percentage of its total student population;

"(3) which is contributing substantially to increasing higher education opportunities for educationally disadvantaged, underrepresented, or minority students, who are low-income individuals;

"(4) which is substantially increasing higher educational opportunities for individuals in rural or other isolated areas which are unserved by postsecondary institutions; or

"(5) wherever located, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of Hispanic Americans.

"(b) WAIVER DETERMINATIONS; EXPENDITURES.—(1) The Secretary may waive the requirements set forth in section 502(a)(2)(A)(ii) if the Secretary determines, based on persuasive evidence submitted by the institution, that the institution's failure to meet that criterion is due to factors which, when used in the determination of compliance with such criterion, distort such determination, and that the institution's designation as an eligible institution under part A is otherwise consistent with the purposes of such part.

"(2) The Secretary shall submit to the Congress every other year a report concerning the institutions which, although not satisfying the criterion contained in section 502(a)(2)(A)(ii), have been determined to be eligible institutions under part A institutions which enroll significant numbers of Black American, Hispanic, Native American, Asian American, or Native Hawaiian students under part A, as the case may be. Such report shall—

"(A) identify the factors referred to in paragraph (1) which were considered by the Secretary as factors that distorted the determination of compliance with section 502(a)(2)(A)(ii); and

"(B) contain a list of each institution determined to be an eligible institution under part A including a statement of the reasons for each such determination.

"SEC. 523. APPLICATION REVIEW PROCESS.

"(a) REVIEW PANEL.—(1) All applications submitted under this title by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary. The Secretary shall assure that no individual assigned under this section to review any application has any conflict of interest with regard to the application which might impair the impartiality with which the individual conducts the review under this section.

"(2) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under this title and consistent with the provisions of this title, including—

"(A) an enumeration of the factors to be used to determine the quality of applications submitted under this title; and

"(B) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under this title, the amount of any such grant, and the duration of any such grant.

"(b) RECOMMENDATIONS OF PANEL.—In awarding grants under this title, the Secretary shall take into consideration the recommendations of the panel made under subsection (a).

"(c) NOTIFICATION.—Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under this title of—

"(1) the scores given the applicant by the panel pursuant to this section;

"(2) the recommendations of the panel with respect to such application; and

"(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under this title, and any modifications, if any, in the recommendations of the panel made by the Secretary.

"SEC. 524. COOPERATIVE ARRANGEMENTS.

"(a) GENERAL AUTHORITY.—The Secretary may make grants to encourage cooperative arrangements with funds available to carry out part A, between institutions eligible for assistance under part A and between such institutions and institutions not receiving assistance under this title for the activities described in section 503 so that the resources of the cooperating institutions might be combined and shared to achieve the purposes of such part and avoid costly duplicative efforts and to enhance the development of part A eligible institutions.

"(b) PRIORITY.—The Secretary shall give priority to grants for the purposes described under subsection (a) whenever the Secretary determines that the cooperative arrangement is geographically and economically sound or will benefit the applicant institution.

"(c) DURATION.—Grants to institutions having a cooperative arrangement may be made under this section for a period as determined under section 505.

"SEC. 525. ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.

"(a) ASSISTANCE ELIGIBILITY.—Each institution which the Secretary determines to be an institution eligible under part A may be eligible for waivers in accordance with subsection (b).

"(b) WAIVER APPLICABILITY.—(1) Subject to, and in accordance with, regulations promulgated for the purpose of this section, in the case of any application by an institution referred to in subsection (a) for assistance under any programs specified in paragraph (2), the Secretary is authorized, if such application is otherwise approvable, to waive any requirement for a non-Federal share of the cost of the program or project, or, to the extent not inconsistent with other law, to give, or require to be given, priority consideration of the application in relation to applications from other institutions.

"(2) The provisions of this section shall apply to any program authorized by title IV or VII of this Act.

"(c) LIMITATION.—The Secretary shall not waive, under subsection (b), the non-Federal share requirement for any program for applications which, if approved, would require the expenditure of more than 10 percent of the appropriations for the program for any fiscal year.

"SEC. 526. LIMITATIONS.

The funds appropriated under section 528 may not be used—

"(1) for a school or department of divinity or any religious worship or sectarian activity;

"(2) for an activity that is inconsistent with a State plan for desegregation of higher education applicable to such institution;

"(3) for an activity that is inconsistent with a State plan of higher education applicable to such institution; or

"(4) for purposes other than the purposes set forth in the approved application under which the funds were made available to the institution.

"SEC. 527. PENALTIES.

Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this title embezzles, willfully misapplies, steals, or obtains by fraud any of the funds which are the subject of such grant or assistance, shall be fined not more than $10,000 or imprisoned for not more than 2 years, or both.

"SEC. 528. AUTHORIZATIONS OF APPROPRIATIONS.

"(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out part A, $80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(b) USE OF MULTIPLE YEAR AWARDS.—In the event of a multiple year award to any institution under this title, the Secretary shall make funds available for such award from funds appropriated for this title for the fiscal year in which such funds are to be used by the recipient.".

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE STUDIES.

(a) STATUTORY STRUCTURE.—Title VI is amended—

(1) by striking

"PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES"

and inserting the following:

“PART A—INTERNATIONAL EDUCATION

“Subpart 1—International and Foreign Language Studies”;

(2) by striking

“PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS”

and inserting the following:

“Subpart 2—Business and International Education Programs”;

(3) by striking

“PART C—INSTITUTE FOR INTERNATIONAL PUBLIC POLICY”

and inserting the following:

“Subpart 3—Institute for International Public Policy”; and

(4) by striking

“PART D—GENERAL PROVISIONS”

and inserting the following:

“Subpart 4—General Provisions”.

(b) FINDINGS AND PURPOSES.—Section 601 (20 U.S.C. 1121) is amended to read as follows:

“SEC. 601. FINDINGS AND PURPOSES.

“(a) FINDINGS.—The Congress finds as follows:

“(1) The security, stability, and economic vitality of the United States in a complex global era depend upon American experts in and citizens knowledgeable about world regions, foreign languages and international affairs, as well as on a strong research base in these areas.

“(2) Advances in communications technology and the growth of regional and global problems make knowledge of other countries and the ability to communicate in other languages more essential to the promotion of mutual understanding and cooperation among nations and their peoples.

“(3) Dramatic post-Cold War changes in the world's geopolitical and economic landscapes are creating needs for American expertise and knowledge about a greater diversity of less commonly taught foreign languages and nations of the world.

“(4) Systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States and to encourage a broader cross-section of institutions of higher education to develop and expand programs for producing graduates with international and foreign language expertise and knowledge, and research on such areas, in a variety of disciplines and at all levels of graduate and undergraduate education.

“(5) Cooperative efforts among the Federal Government, institutions of higher education, and the private sector are necessary to promote the generation and dissemination of information about world regions, foreign languages, and international affairs throughout education, government, business, civic, and nonprofit sectors in the United States.

“(b) PURPOSES.—The purposes of this part are—

"(1)(A) to support centers, programs and fellowships in institutions of higher education in the United States for producing increased numbers of trained personnel and research in foreign languages, area and other international studies;

"(B) to develop a pool of international experts to meet national needs;

"(C) to develop and validate specialized materials and techniques for foreign language acquisition and fluency, emphasizing (but not limited to) the less commonly taught languages;

"(D) to promote access to research and training overseas; and

"(E) to advance the internationalization of a variety of disciplines throughout undergraduate and graduate education;

"(2) to support cooperative efforts promoting access to and the dissemination of international and foreign language knowledge, teaching materials and research throughout education, government, business, civic and nonprofit sectors in the United States through the use of advanced technologies; and

"(3) to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education and research.".

(c) Graduate and Undergraduate National Resource Centers.—

(1) National resource centers.—Section 602(a) (20 U.S.C. 1122(a)) is amended—

(A) in the heading, by striking "National Language and Area Centers Authorized" and inserting "National Resource Centers for Foreign Language and Area or International Studies Authorized";

(B) in paragraph (1)(A), by striking "comprehensive language and area centers" and inserting "comprehensive foreign language and area or international studies centers";

(C) in paragraph (1)(B), by striking "language and area centers" and inserting "foreign language and area or international studies centers"; and

(D) by striking paragraph (2) and inserting the following:

"(2) Authorized activities.—

"(A) In general.—Any grant made under paragraph (1) may be used to pay all or part of the cost of establishing or operating a center or program, in accordance with this subsection.

"(B) Mandatory activities.—Activities to be conducted by centers assisted under this subsection shall include—

"(i) support for the instruction of foreign languages and the offering of courses in a variety of nonlanguage disciplines that cover the center's subject area or topic, and the incorporation of such instruction in baccalaureate and graduate programs of study in a variety of disciplinary, interdisciplinary, or professional fields;

"(ii) support for teaching and research materials, including library acquisitions, in the center's subject area or topic;

"(iii) programs of outreach or linkage with State and local educational agencies, postsecondary education institutions at all levels, professional schools, government, business, media, or the general public; and

"(iv) program coordination and development, curriculum planning and development, and student advisement.

"(C) Permissible activities.—Activities to be conducted by centers assisted under this subsection may include—

"(i) support for the creation of faculty positions in disciplines that are underrepresented in the center's instructional program;

"(ii) establishment and maintenance of linkages with overseas institutions of higher education for the purpose of contributing to the teaching and research of the center;

"(iii) support for bringing visiting scholars and faculty to the center to teach or conduct research;

"(iv) professional development of the center's faculty and staff;

"(v) projects conducted in cooperation with other National Resource Centers addressing themes of world regional, cross-regional, international, or global importance;

"(vi) summer institutes in the United States or abroad designed to provide language and area training in the center's field or topic; and

"(vii) support for faculty, staff, and student travel in foreign areas, regions, or countries, and for the development and support of educational programs abroad for students.".

(2) Graduate fellowships; expense limitations.—Section 602 is further amended by striking subsections (b) and (c) and inserting the following:

"(b) Graduate Fellowships for Foreign Language and Area or International Studies.—

"(1) Authority.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying fellowships to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

"(2) Eligible students.—Students receiving fellowships described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program, including predissertation level studies, preparation for dissertation research, dissertation research abroad, and dissertation writing.

"(c) Rules With Respect to Expenses.—

"(1) Undergraduate travel.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

"(2) Graduate dependent and travel expenses.—Fellowships awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.".

(d) Language Resource Centers.—Section 603(a) (20 U.S.C. 1123(a)) is amended—

(1) by striking paragraph (5) and inserting the following:

"(5) a significant focus on the teaching and learning needs of the less commonly taught languages, including an assessment of the strategic needs, the determination of ways to meet those needs nationally, and the publication and dissemination of instructional materials in the less commonly taught languages;";

(2) by striking the period at the end of paragraph (6) and inserting "; and"; and

(3) by inserting after paragraph (6) the following new paragraph:

"(7) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers.".

(e) Undergraduate International Studies and Foreign Language Programs.—Section 604 (20 U.S.C. 1124) is amended—

(1) in the heading of subsection (a), by striking "Incentives" and all that follows through "Programs" and inserting "Program Incentives";

(2) in subsection (a)(1)—

(A) by striking "or combinations of such institutions" in the first sentence and inserting ", combinations of such institutions, or partnerships between nonprofit educational organizations and such institutions,";

(B) by striking "a program" and inserting "programs"; and

(C) by striking the second sentence and inserting the following: "Such grants shall be awarded for the purpose of seeking to create new programs or to strengthen existing programs in undergraduate area studies, foreign languages, and other international fields.";

(3) by striking paragraphs (2) and (3) and inserting the following:

"(2) Use of funds.—Grants made under this section may be used for Federal share of the cost of projects and activities which are an integral part of such a program, such as—

"(A) planning for the development and expansion of programs in undergraduate international studies, and foreign languages and the internationalization of undergraduate education;

"(B) teaching, research, curriculum development, and other related activities;

"(C) training of faculty members in foreign countries;

"(D) expansion of existing and development of new opportunities for learning foreign languages, including the less commonly taught languages;

"(E) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

"(F) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and postbaccalaureate programs or institutions;

"(G) the development of an international dimension in preservice and inservice teacher training;

"(H) the development of undergraduate educational programs in locations abroad where such opportunities are not otherwise available or which serve students for whom such opportunities are not otherwise available and which provide courses that are closely related to on-campus foreign language and international curricula;

"(I) the integration of new and continuing education abroad opportunities for undergraduate students into curricula of specific degree programs;

"(J) the development of model programs to enrich or enhance the effectiveness of educational programs abroad, including predeparture and postreturn programs, and the integration of educational programs abroad into the curriculum of the home institution;

"(K) the expansion of library and teaching resources;

"(L) the development of programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

"(M) the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;

"(N) the conduct of summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

"(O) the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary education institutions to enhance international knowledge and skills; and

"(P) the use of innovative technology to increase access to international education programs.

"(3) Non-Federal Share.—The non-Federal share of the cost of the programs assisted under this subsection may be provided in cash from the private sector corporations or foundations in an amount equal to one-third of the total requested grant amount, or may be provided as in-cash or in-kind contribution from institutional and noninstitutional funds, including State and private sector corporation or foundation contributions, equal to one-half of the total requested grant amount.";

(4) by adding at the end of subsection (a) the following new paragraphs:

"(5) Special Rule.—The Secretary may waive or reduce the required non-Federal share for title III-eligible institutions which have submitted a grant application under this section.

"(6) Evaluation Criteria and Report.—As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs.".

(5) by striking subsection (b);

(6) by redesignating subsection (c) as subsection (b); and

(7) by adding at the end the following new subsection:

"(c) Funding Support.—The Secretary may use no more than 10 percent of the total amount appropriated for this title, other than amounts appropriated for part D, for carrying out the purposes of this section.".

(f) Intensive Summer Language Institutes.—Section 605 (20 U.S.C. 1124a) is repealed.

(g) Research; Studies; Annual Report.—Section 606(a) (20 U.S.C. 1125(a)) is amended—

(1) in paragraph (4), by inserting before the semicolon at the end the following: ", area studies, or other international fields";

(2) by striking "and" at the end of paragraph (5);

(3) by striking the period at the end of paragraph (6) and inserting "; and"; and

(4) by inserting after paragraph (6) the following new paragraph:

"(7) studies and surveys of the uses of technology in foreign language, area and international studies programs.".

(h) Periodicals.—Section 607 (20 U.S.C. 1125a) is amended to read as follows:

"SEC. 607. TECHNOLOGICAL INNOVATION AND COOPERATION FOR FOREIGN INFORMATION ACCESS.

"(a) Authority.—The Secretary is authorized to make grants to institutions of higher education, public or nonprofit private library institutions, or consortia of such institutions, to develop innovative techniques or programs using new electronic technologies to collect, organize, preserve and widely disseminate information on world regions and countries other than the United States that address the nation's teaching and research needs in international education and foreign languages.

"(b) Authorized Activities.—Grants under this section may be used—

"(1) to facilitate access to or preserve foreign information resources in print or electronic forms;

"(2) to develop new means of immediate, full-text document delivery for information and scholarship from abroad;

"(3) to develop new means of shared electronic access to international data;

"(4) to support collaborative projects of indexing, cataloging, and other means of bibliographic access for scholars to important research materials published or distributed outside the United States;

"(5) to develop methods for the wide dissemination of resources written in non-Roman language alphabets;

"(6) to assist teachers of less commonly taught languages in acquiring, via electronic and other means, materials suitable for classroom use; and

"(7) to promote collaborative technology based projects in foreign languages, area and international studies among grant recipients under this title.

"(c) Application.—Each institution or consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

"(d) Match Required.—The Federal share of the total cost of carrying out a program supported by a grant under this section shall not be more than 66⅔ percent. The non-Federal share of such cost may be provided either in-kind or in cash, and may include contributions from private sector corporations or foundations.".

(i) Development Grants.—Section 610 (20 U.S.C. 1127) is amended by adding at the end the following new subsection:

"(d) Development Grants Authorized.—The Secretary is encouraged to consider the establishment of new centers, and may use at least 10 percent of the funds available for this section to make grants for the establishment of such new centers.".

(j) Authorization of Appropriations.—Section 610A (20 U.S.C. 1128) is amended by striking "1993" and inserting "1999".

(k) Conforming Amendment.—Title VI is further amended by redesignating sections 606, 607, 608, 609, 610, and 610A as sections 605 through 610, respectively.

SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS.

(a) Centers for International Business Education.—Section 612 (20 U.S.C. 1130–1) is amended—

(1) in subsection (c)(1)(B), by striking "advanced";

(2) in subsection (c)(1)(C), by striking "evening or summer programs," and inserting "programs"; and

(3) in subsection (d)(2)(G), by inserting before the period at the end the following: ", such as a representative of a community college in the region served by the center".

(b) Authorization of Appropriations.—Section 614 (20 U.S.C. 1130b) is amended by striking "1993" each place it appears and inserting "1999".

(c) Technical Amendment.—The heading of section 611 (20 U.S.C. 1130) is amended to read as follows:

"SEC. 611. FINDINGS AND PURPOSES.".

SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.

(a) Minority Foreign Service Professional Development Program.—Section 621(e) (20 U.S.C. 1131(e)) is amended by striking "one-fourth" and inserting "one-half".

(b) Junior Year and Summer Abroad Program.—Section 622 (20 U.S.C. 1131a) is amended—

(1) in the heading of such section, by inserting "and summer" after "year";

(2) in subsection (a)—

(A) by striking "shall conduct" and inserting "is authorized to conduct";

(B) by inserting "and summer" after "junior year" each place it appears in the first and second sentences;

(C) by inserting "in a junior year abroad program" after "Each student" in the last sentence;

(3) in subsection (b)(2), by inserting "or summer" after "junior year"; and

(4) in subsection (c)—

(A) by inserting "or summer abroad program" after "junior year abroad program" each place it appears; and

(B) by striking "abroad or internship" and inserting "abroad, summer abroad, or internship".

(c) INTERNSHIPS.—Section 624 (20 U.S.C. 1132c) is amended—

(1) by striking "The Institute" and inserting "(a) IN GENERAL.—The Institute"; and

(2) by adding at the end the following new subsection:

"(b) POSTBACCALAUREATE INTERNSHIPS.—The Institute shall enter into agreements with institutions of higher education described in the first sentence of subsection (a) to conduct internships in Washington, DC, for students who have completed study for the baccalaureate degree. The Internship program authorized by this subsection shall—

"(1) be designated to assist the students to prepare for a master's degree program;

"(2) be carried out with the assistance of the Woodrow Wilson Fellowship program;

"(3) contain work experience for the students designated to contribute to the objectives set forth in paragraph (1); and

"(4) contain such other elements as the Institute determines will carry out the objectives of this subsection.".

(d) NEW PROGRAMS.—Title VI is further amended—

(1) by redesignating sections 625 through 627 (20 U.S.C. 1131d–1131f) as sections 627 through 629; and

(2) by inserting after section 624 the following new sections:

"SEC. 625. INSTITUTIONAL DEVELOPMENT.

"(a) IN GENERAL.—The Institute shall make grants, from amounts available to it in each fiscal year, to Historically Black Colleges and Universities, Hispanic-serving Institutions, Tribally Controlled Indian Community Colleges, and minority institutions, to enable such colleges, universities, and institutions to strengthen international affairs programs.

"(b) APPLICATION.—No grant may be made by the Institute under this section unless an application is made by the college, university, or institution at such time, in such manner, and accompanied by such information as the Institute may require.

"(c) DEFINITIONS.—As used in this section—

"(1) the term 'Historically Black College and University' has the same meaning given the term by section 322(2) of this Act;

"(2) the term 'Hispanic-serving Institution' has the same meaning given the term by section 316(b)(1) of this Act;

"(3) the term 'Tribally controlled Indian community college' has the same meaning given that term by the Tribally Controlled Community College Assistance Act of 1978; and

"(4) the term 'minority institution' has the same meaning given that term in section 347 of this Act.

"SEC. 626. INTERAGENCY COMMITTEE ON MINORITY CAREERS IN INTERNATIONAL AFFAIRS.

"(a) ESTABLISHMENT.—There is established in the executive branch of the Federal Government an Interagency Committee on Minority Careers in International Affairs composed of 7 members. The members of the Committee shall be—

"(1) the Undersecretary for International Affairs and Commodity Programs of the Department of Agriculture, appointed by the Secretary of Agriculture;

"(2) the Assistant Secretary and Director General, the Commercial Service of the Department of Commerce, appointed by the Secretary of Commerce;

"(3) the Undersecretary of Defense for Personnel and Readiness of the Department of Defense, appointed by the Secretary of Defense;

"(4) the Assistant Secretary for Postsecondary Education in the Department of Education, appointed by the Secretary of Education;

"(5) the Director General of the Foreign Service of the Department of State, appointed by the Secretary of State;

"(6) the General Counsel of the Agency for International Development, appointed by the Administrator; and

"(7) the Associate Director for Educational and Cultural Affairs of the United States Information Agency, appointed by the Director.

"(b) FUNCTIONS.—The Interagency Committee established by this section shall—

"(1) advise the Secretary and the Institute with respect to programs authorized by this part; and

"(2) promote policies in each department and agency participating on the Committee that are designed to carry out the objectives of this part.".

(e) AUTHORIZATION.—Section 629 (20 U.S.C. 1131f) (as redesignated by subsection (d)) is amended by striking "1993" and inserting "1999".

SEC. 604. GENERAL PROVISIONS.

(a) DEFINITIONS.—Section 631(a) (20 U.S.C. 1132(a)) is amended—

(1) by striking "and" at the end of paragraph (7);

(2) by striking the period at the end of paragraph (8) and inserting "; and"; and

(3) by inserting after paragraph (8) the following new paragraphs:

"(9) the term 'internationalization of undergraduate education' means the incorporation of foreign languages and area and international studies perspectives in any undergraduate course or curriculum in order to provide international content for that course of study; and

"(10) the term 'educational programs abroad' means programs of study, internships, or service learning outside the United States which are part of a foreign language or other international curriculum at the undergraduate or graduate education levels.".

(b) REPEAL.—Section 632 (20 U.S.C. 1132–1) is repealed.

SEC. 605. TRANSFER AND REAUTHORIZATION OF GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED PROGRAM.

(a) AMENDMENT.—Title VI is amended by adding at the end the following new part:

"PART B—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

"SEC. 651. PURPOSE.

"In order to sustain and enhance the capacity for graduate education in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

"SEC. 652. GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS.

"(a) GRANT AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part. The Secretary shall coordinate the administration and regulation of programs under this part with other Federal programs providing graduate assistance to minimize duplication and improve efficiency.

"(2) ADDITIONAL GRANTS.—The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for the support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organization which—

"(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and is exempt from tax under section 501(a) of such Code;

"(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

"(C) is not a private foundation;

"(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

"(E) has necessary research resources not otherwise readily available in such institutions to such students.

"(b) AWARD AND DURATION OF GRANTS.—

"(1) AWARDS.—The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

"(2) DURATION.—The Secretary shall approve a grant recipient under this part for a 3-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than $125,000 or greater than $750,000 per fiscal year.

"(3) REALLOTMENT.—Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

"SEC. 653. INSTITUTIONAL ELIGIBILITY.

"(a) ELIGIBILITY CRITERIA.—Any academic department or program of an institution of higher education that offers a program of postbaccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of postbaccalaureate study has been in existence for at least 4 years at the time of application for assistance under this part.

"(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into account the extent to which the interest is compelling, the extent to which other Federal programs support postbaccalaureate study in the area concerned, and an assessment of how the program could achieve the most significant impact with available resources.

"SEC. 654. CRITERIA FOR APPLICATIONS.

"(a) SELECTION OF APPLICATIONS.—The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program quality by review panels of nationally recognized scholars and evaluated on the quality and effectiveness of the academic program and the achievement and promise of the students to be served. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

"(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant, shall—

"(1) describe the current academic program of the applicant for which the grant is sought;

"(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part, which contribution may be in cash or in kind fairly valued;

"(3) describe the number, types, and amounts of the fellowships that the applicant intends to offer under the grant;

"(4) set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

"(A) have financial need, as determined under part F of title IV;

"(B) have excellent academic records in their previous programs of study; and

"(C) plan to pursue the highest possible degree available in their course of study;

"(5) set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this part and in no case to supplant those funds;

"(6) provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will, from any funds available to it, fulfill the commitment to the student;

"(7) provide that the applicant will comply with the limitations set forth in section 655;

"(8) provide assurances that the academic department will provide at least 1 year of supervised training in instruction for students; and

"(9) include such other information as the Secretary may prescribe.

"SEC. 655. AWARDS TO GRADUATE STUDENTS.

"(a) COMMITMENTS TO GRADUATE STUDENTS.—

"(1) IN GENERAL.—An academic department or program of an institution of higher education shall make commitments to eligible graduate students as defined in section 484 (including students pursuing a doctoral degree after having completed a master's degree program at an institution of higher education) at any point in their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 3 years.

"(2) SPECIAL RULE.—No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

"(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary establishes shall reflect the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1999–2000 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need as determined under part F of title IV.

"(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this part in amounts that exceed the institutional payments made by the Secretary pursuant to section 656(a) may count the excess of such payments toward the amounts the institution is required to provide pursuant to section 654(b)(2).

"(d) ACADEMIC PROGRESS REQUIRED.—Notwithstanding the provisions of subsection (a), no student shall receive an award—

"(1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or

"(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

"SEC. 656. ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.

"(a) INSTITUTIONAL PAYMENTS.—(1) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

"(A) $10,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1999–2000; and

"(B) with respect to individuals who first receive fellowships during or after academic year 1999–2000—

"(i) $10,000 for the academic year 1999–2000; and

"(ii) for succeeding academic years, $10,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

"(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

"(b) USE FOR OVERHEAD PROHIBITED.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

"SEC. 657. CONTINUATION AWARDS.

"Before making new awards under this part for any fiscal year, the Secretary shall, as appropriate, make continuation awards to recipients of awards under parts B, C, and D of title IX as in effect prior to the enactment of the Higher Education Amendments of 1998.

"SEC. 658. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated $40,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.".

(b) REPEAL.—Title IX (20 U.S.C. 1134 et seq.) is repealed.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

SEC. 701. EXTENSION OF PRIOR RIGHTS AND OBLIGATIONS.

Section 702(a) (20 U.S.C. 1132a–1(a)) is amended by striking "fiscal year 1993" and inserting "fiscal year 1999".

SEC. 702. REPEAL OF PART A.

(a) REPEAL.—Part A of title VII (20 U.S.C. 1132b et seq.) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 701(b) (20 U.S.C. 1132a(b)) is amended by striking "part A or B" and inserting "part B".

(2) Part B of title VII is amended by striking section 726 (20 U.S.C. 1132c–5).

(3) Section 781 (20 U.S.C. 1132i) is amended by striking "part A of this title, or" each place it appears.

SEC. 703. EXTENSION OF AUTHORIZATION OF PART B.

Section 727(c) (20 U.S.C. 1132c–6(c)) is amended by striking "fiscal year 1993" and inserting "fiscal year 1999".

SEC. 704. EXTENSION OF AUTHORIZATION OF PART C.

Section 735 (20 U.S.C. 1132d–4) is amended by striking "fiscal year 1993" and inserting "fiscal year 1999".

TITLE VIII—ADDITIONAL PROVISIONS

SEC. 801. STUDY OF TRANSFER OF CREDITS.

(a) STUDY REQUIRED.—The Secretary of Education shall conduct a study to evaluate policies or practices instituted by recognized accrediting agencies or associations regarding the treatment of the transfer of credits from one institution of higher education to another, giving particular attention to—

(1) adopted policies regarding the transfer of credits between institutions of higher education which are accredited by different agencies or associations and the reasons for such policies;

(2) adopted policies regarding the transfer of credits between institutions of higher education which are accredited by national agencies or associations and institutions of higher education which are accredited by regional agencies and associations and the reasons for such policies;

(3) the effect of the adoption of such policies on students transferring between such institutions of higher education, including time required to matriculate, increases to the student of tuition and fees paid, and increases to the student with regard to student loan burden;

(4) the extent to which Federal financial aid is awarded to such students for the duplication of coursework already completed at another institution; and

(5) the aggregate cost to the Federal Government of the adoption of such policies.

(b) REPORT.—Not later than one year after the date of enactment of this Act, the Secretary shall submit a report to the Chairman and Ranking Minority Member of the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate detailing his findings regarding the study conducted under subsection (a). The Secretary's report shall include such recommendation with respect to the recognition of accrediting agencies or associations as the Secretary deems advisable.

SEC. 802. STUDY OF MARKET MECHANISMS IN FEDERAL STUDENT LOAN PROGRAMS.

(a) STUDY REQUIRED.—The Comptroller General, in consultation with interested parties, shall conduct a study of the potential to use auctions or other market mechanisms in the delivery of Federal student loans in order to reduce costs both to the Federal Government and to borrowers. Such study shall include an examination of—

(1) the feasibility of using an auction of lending authority for Federal student loans, and the appropriate Federal role in the operation of such an auction or other alternative market mechanisms;

(2) methods for operating such a system to ensure loan access for all eligible borrowers, while maximizing the cost-effectiveness (for the Government and borrowers) in the delivery of such loans;

(3) the impact of such mechanisms on student loan availability;

(4) any necessary transition procedures for implementing such mechanisms;

(5) the costs or savings likely to be attained for the Government and borrowers;

(6) the feasibility of incorporating income-contingent repayment options into the student loan system and requiring borrowers to repay through income tax withholding, and the impact of such an option on the willingness of lenders to participate in auctions or other market mechanisms and on the efficiency of Federal management of student loan programs;

(7) the ability of the Department of the Treasury to effectively auction the right to make student loans; and

(8) other relevant issues.

(b) RECOMMENDATIONS.—Within 2 years after the date of enactment of this Act, the Comptroller General shall submit to the Congress a report on the study required by subsection (a) and shall include with such report any legislative recommendations the Comptroller General considers appropriate.

SEC. 803. IMPROVEMENTS IN MARKET INFORMATION AND PUBLIC ACCOUNTABILITY IN HIGHER EDUCATION.

(a) IMPROVED DATA COLLECTION.—

(1) DEVELOPMENT OF UNIFORM METHODOLOGY.—The Secretary shall direct the Commissioner of Education Statistics to convene a series of forums to develop nationally consistent methodologies for reporting costs incurred by postsecondary institutions in providing postsecondary education.

(2) SEPARATION OF UNDERGRADUATE AND GRADUATE COSTS.—Such consistent methodologies shall permit the Secretary to collect and disseminate separate data with respect to the costs incurred in providing undergraduate and graduate postsecondary education.

(3) REDESIGN OF DATA SYSTEMS.—On the basis of the methodologies developed pursuant to paragraph (1), the Secretary shall redesign relevant parts of the postsecondary education data systems to improve the usefulness and timeliness of the data collected by such systems.

(b) DATA DISSEMINATION.—The Secretary shall publish, in both printed and electronic form, of the data collected pursuant to subsection (a). Such data shall be available in a form that permits the review and comparison of the data submissions of individual institutions of higher education. Such data shall be presented in a form that is easily understandable and allows parents and students to make informed decisions based on the following costs for typical full-time undergraduate or graduate students—

(1) tuition charges published by the institution;

(2) the institution's cost of educating students on a full-time equivalent basis;

(3) the general subsidy on a full-time equivalent basis;

(4) instructional cost by level of instruction;

(5) the total price of attendance; and

(6) the average amount of per student financial aid received, including and excluding assistance in the form of loans.

SEC. 804. DIFFERENTIAL REGULATION.

(a) GAO STUDY.—The Comptroller General shall conduct a study of the extent to which unnecessary costs are imposed on postsecondary education as a consequence of the applicability to postsecondary facilities and equipment of regulations prescribed for purposes of regulating industrial and commercial enterprises.

(b) REPORT REQUIRED.—Within one year after the date of enactment of this Act, the Comptroller General shall submit a report to the Congress on the results of the study required by subsection (a).

SEC. 805. ANNUAL REPORT ON COST OF HIGHER EDUCATION.

(a) GAO REPORT REQUIRED.—The Comptroller General shall conduct an on-going analysis of the following:

(1) The increase in tuition compared with other commodities and services.

(2) Trends in college and university administrative costs, including administrative staffing, ratio of administrative staff to instructors, ratio of administrative staff to students, remuneration of administrative staff, and remuneration of college and university presidents or chancellors.

(3) Trends in (A) faculty workload and remuneration (including the use of adjunct faculty), (B) faculty-to-student ratios, (C) number of hours spent in the

classroom by faculty, and (D) tenure practices, and the impact of such trends on tuition.

(4) Trends in (A) the construction and renovation of academic and other collegiate facilities, and (B) the modernization of facilities to access and utilize new technologies, and the impact of such trends on tuition.

(5) The extent to which increases in institutional financial aid and tuition discounting have affected tuition increases, including the demographics of students receiving such aid, the extent to which such aid is provided to students with limited need in order to attract such students to particular institutions or major fields of study, and the extent to which Federal financial aid, including loan aid, has been used to offset such increases.

(6) The extent to which Federal, State, and local laws, regulations, or other mandates contribute to increasing tuition, and recommendations on reducing those mandates.

(7) The establishment of a mechanism for a more timely and widespread distribution of data on tuition trends and other costs of operating colleges and universities.

(8) The extent to which student financial aid programs have contributed to changes in tuition.

(9) Trends in State fiscal policies that have affected college costs.

(10) Other related topics determined to be appropriate by the Comptroller General.

(b) ANNUAL REPORT TO CONGRESS.—The Comptroller General shall submit to the Congress an annual report on the results of the analysis required by subsection (a).

SEC. 806. REPEALS OF PREVIOUS HIGHER EDUCATION AMENDMENTS PROVISIONS.

(a) HIGHER EDUCATION AMENDMENTS OF 1986.—Title XIII of the Higher Education Amendments of 1986 (20 U.S.C. 1091 note, 1121 note, 1221e–1 note, 1011 note, 1070a note, 1071 note, 1221–1 note, 1091 note) is repealed.

(b) HIGHER EDUCATION AMENDMENTS OF 1992.—

(1) TITLE XIV.—Title XIV of the Higher Education Amendments of 1992 (20 U.S.C. 1071 note, 1080 note, 1221e note, 1070 note, 1221e–1 note, 1070a–21 note, 1134 note, 1132a note, 1221–1 note, 1101 note) is repealed.

(2) TITLE XV.—Parts A, B, C, D, and E of title XV of the Higher Education Amendments of 1992 (29 U.S.C. 2401 et seq., 20 U.S.C. 1452 note, 1101 note, 1145h, 1070 note) are repealed.

SEC. 807. LIMITATION.

None of the funds appropriated under the Higher Education Act of 1965 or any other Act shall be made available by any Federal agency to the National Board for Professional Teaching Standards.

TITLE IX—AMENDMENTS TO OTHER LAWS

PART A—EDUCATION OF THE DEAF ACT

Subpart 1—Gallaudet University

SEC. 901. BOARD OF TRUSTEES MEMBERSHIP.

Section 103(a)(1) of the Education of the Deaf Act of 1986 (20 U.S.C. 4303(a)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking "twenty-one" and inserting "twenty-two";

(2) in subparagraph (A), by striking "and" at the end;

(3) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(C) the liaison designated under section 206, who shall serve as an ex-officio, nonvoting member.".

SEC. 902. ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS UNDER THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT.—Section 104(b)(3) of the Education of the Deaf Act of 1986 (20 U.S.C. 4304(b)(3)) is amended by striking "intermediate educational unit" and inserting "educational service agency".

(b) ADDITIONAL REQUIREMENTS.—Section 104(b)(4)(C) of such Act (20 U.S.C. 4304(b)(4)(C)) is amended by striking clauses (i) through (iv) and inserting the following:

"(i) Paragraph (1) and paragraphs (3) through (6) of subsection (b).

"(ii) Subsections (e) through (g).

"(iii) Subsection (h), except the provision contained in such subsection that requires that findings of fact and decisions be transmitted to the State advisory panel.

"(iv) Paragraphs (1) and (2) of subsection (i).

"(v) Subsection (j), except that such subsection shall not be applicable to a decision by the University to refuse to admit or to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days notice to the child's parents and to the local educational agency in which the child resides.

"(vi) Subsections (k) through (m).".

SEC. 903. AGREEMENT WITH GALLAUDET UNIVERSITY.

Section 105(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4305(a)) is amended—

(1) in the first sentence, by striking "within 1 year after enactment of the Education of the Deaf Act Amendments of 1992, a new" and inserting "and periodically update, an"; and

(2) by amending the second sentence to read as follows: "The necessity of the periodic update referred to in the preceding sentence shall be determined by the Secretary or the University.".

Subpart 2—National Institute for the Deaf

SEC. 911. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

Section 112 of the Education of the Deaf Act of 1986 (20 U.S.C. 4332) is amended—

(1) in subsection (a)(2), by striking "under this section" and all that follows and inserting the following: "under this section—

"(A) shall periodically assess the need for modification of the agreement; and

"(B) shall also periodically update the agreement as determined to be necessary by the Secretary or the institution."; and

(2) in subsection (b)(3), by striking "Committee on Education and Labor" and inserting "Committee on Education and the Workforce".

Subpart 3—General Provisions

SEC. 921. DEFINITIONS.

Section 201 of the Education of the Deaf Act of 1986 (20 U.S.C. 4351) is amended—

(1) in paragraph (1)(C), by striking "Palau (but only until the Compact of Free Association with Palau takes effect),"; and

(2) in paragraph (5)—

(A) by inserting "and" before "the Commonwealth of the Northern Mariana Islands"; and

(B) by striking ", and Palau" and all that follows and inserting a period.

SEC. 922. AUDITS.

Section 203(b) of the Education of the Deaf Act of 1986 (20 U.S.C. 4353(b)) is amended in the first sentence by inserting before the period at the end the following: ", including the national mission and school operations of the elementary and secondary programs".

SEC. 923. REPORTS.

Section 204 of the Education of the Deaf Act of 1986 (20 U.S.C. 4354) is amended in the matter preceding paragraph (1) by striking "Committee on Education and Labor" and inserting "Committee on Education and the Workforce".

SEC. 924. MONITORING, EVALUATION, AND REPORTING.

Section 205(c) of the Education of the Deaf Act of 1986 (20 U.S.C. 4355(c)) is amended by striking "1993, 1994, 1995, 1996, and 1997" and inserting "1999 through 2003".

SEC. 925. RESPONSIBILITY OF THE LIAISON.

Section 206 of the Education of the Deaf Act (20 U.S.C. 4356) is amended—

(1) in subsection (a), by striking "Not later than 30 days after the date of enactment of this Act, the" and inserting "The"; and

(2) in subsection (b)—

(A) in paragraph (2), by striking "and" at the end;

(B) by redesignating paragraph (3) as paragraph (4); and

(C) by inserting after paragraph (2) the following:

"(3) serve as an ex-officio, nonvoting member of the Board of Trustees under section 103; and".

SEC. 926. FEDERAL ENDOWMENT PROGRAMS.

(a) Federal Payments.—Section 207(b) of the Education of the Deaf Act of 1986 (20 U.S.C. 4357(b)) is amended—

(1) in paragraph (2) to read as follows:

"(2) Subject to the availability of appropriations, the Secretary shall make payments to each Federal endowment fund in amounts equal to sums contributed to the fund from non-Federal sources during the fiscal year in which the appropriations are made available (excluding transfers from other endowment funds of the institution involved)."; and

(2) by striking paragraph (3).

(b) Withdrawals and Expenditures.—Section 207(d)(2)(C) of such Act (20 U.S.C. 4357(d)(2)(C)) is amended by striking "Beginning on October 1, 1992, the" and inserting "The".

(c) Authorization of Appropriations.—Section 207(h) of such Act (20 U.S.C. 4357(h)) is amended by striking "fiscal years 1993 through 1997" each place it appears and inserting "fiscal years 1999 through 2003".

SEC. 927. SCHOLARSHIP PROGRAM.

Section 208 of the Education of the Deaf Act of 1986 (20 U.S.C. 4358) is hereby repealed.

SEC. 928. OVERSIGHT AND EFFECT OF AGREEMENTS.

Section 209 of the Education of the Deaf Act of 1986 (20 U.S.C. 4359) is amended—

(1) in subsection (a), by striking "Committee on Education and Labor" and inserting "Committee on Education and the Workforce"; and

(2) by redesignating such section as section 208.

SEC. 929. INTERNATIONAL STUDENTS.

(a) Enrollment.—Section 210(a) of the Education of the Deaf Act of 1986 (20 U.S.C. 4359a(a)) is amended to read as follows:

"(a) Enrollment.—A qualified United States citizen seeking admission to the University or NTID shall not be denied admission in a given year due to the enrollment of international students.".

(b) Conforming Amendment.—Section 210 of such Act (20 U.S.C. 4359a) is amended by redesignating such section as section 209.

SEC. 930. AUTHORIZATION OF APPROPRIATIONS.

Section 211 of the Education of the Deaf Act of 1986 (20 U.S.C. 4360) is amended—

(1) in subsection (a), by striking "such sums as may be necessary for each of the fiscal years 1993 through 1997" and inserting "$83,480,000 for fiscal year 1999, $84,732,000 for fiscal year 2000, $86,003,000 for fiscal year 2001, $87,293,000 for fiscal year 2002, and $88,603,000 for fiscal year 2003";

(2) in subsection (b), by striking "such sums as may be necessary for each of the fiscal years 1993 through 1997" and inserting "$44,791,000 for fiscal year 1999, $46,303,000 for fiscal year 2000, $50,136,000 for fiscal year 2001, $50,818,000 for fiscal year 2002, and $46,850,000 for fiscal year 2003"; and

(3) by redesignating such section as section 210.

PART B—EXTENSION AND REVISION OF INDIAN HIGHER EDUCATION PROGRAMS

SEC. 951. TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

(a) Extension to Colleges and Universities.—The Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.) is amended—

(1) by striking "community college" each place it appears and inserting "college or university";

(2) by striking "community colleges" each place it appears and inserting "colleges and universities";

(3) by striking "COMMUNITY COLLEGES" in the heading of title I and inserting "COLLEGES AND UNIVERSITIES";

(4) by striking "community college's" in section 2(b)(5) and inserting "college's or university's";

(5) by striking "the college" in sections 102(b), 113(c)(2), and 305(a) and inserting "the college or university";

(6) by striking "such colleges" in sections 104(a)(2) and 111(a)(2) and inserting "such colleges and universities";

(7) by striking "COMMUNITY COLLEGES" in the heading of section 107 and inserting "COLLEGES AND UNIVERSITIES";

(8) by striking "such college" each place it appears in sections 108(a), 113(b)(2), 113(c)(2), 302, 303, 304, and 305 and inserting "such college or university";

(9) by striking "such colleges" in section 109(b) and inserting "such college or university";

(10) in section 110(a)(4), by striking "Tribally Controlled Community Colleges" and inserting "tribally controlled colleges and universities";

(11) by striking "COMMUNITY COLLEGE" in the heading of title III and inserting "COLLEGE AND UNIVERSITY";

(11) by striking "that college" in sections 302(b)(4) and 305(a) and inserting "such college or university"; and

(12) by striking "other colleges" in section 302(b)(4) and insert "other colleges and universities".

(b) TITLE I ELIGIBLE GRANT RECIPIENTS.—Section 103 of the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1804) is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(4) has been accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered, or is, according to such an agency or association, making reasonable progress toward such accreditation.".

(c) ELIGIBILITY AND ACCREDITATION.—Section 106 of such Act (25 U.S.C. 1806) is amended—

(1) in the section heading, by inserting "AND ACCREDITATION PROGRAM" after "STUDIES";

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following new subsection:

"(c) The Secretary of Education shall assist tribally controlled colleges and universities in the development of a national accrediting agency or association for such colleges and universities.".

(d) AMOUNT OF TITLE I GRANTS.—Section 108(a)(2) of such Act (25 U.S.C. 1808(a)(2)) is amended by striking "$5,820" and inserting "$6,000".

(e) CLERICAL AMENDMENT.—Section 109 of such Act (25 U.S.C. 1809) is amended by redesignating subsection (d) as subsection (c).

(f) AUTHORIZATION OF APPROPRIATIONS FOR TITLE I.—Section 110 of such Act (25 U.S.C. 1810) is amended—

(1) by striking "1993" each place it appears and inserting "1999"; and

(2) in subsection (a)(2), by striking "$30,000,000" and inserting "$40,000,000".

(g) AUTHORIZATION OF APPROPRIATIONS FOR TITLES III AND IV.—Sections 306 and 403 of such Act (25 U.S.C. 1836, 1852) are each amended by striking "1993" and inserting "1999".

SEC. 952. REAUTHORIZATION OF PROVISIONS FROM HIGHER EDUCATION AMENDMENTS OF 1992.

Title XIII of the Higher Education Amendments of 1992 (25 U.S.C. 3301 et seq.) is amended by striking "1993" each place it appears in sections 1348, 1365, and 1371(e), and inserting "1999".

SEC. 953. REAUTHORIZATION OF NAVAJO COMMUNITY COLLEGE ACT.

Section 5(a)(1) of the Navajo Community College Act (25 U.S.C. 640c–1) is amended by striking "1993" and inserting "1999".

TITLE X—FACULTY RETIREMENT PROVISIONS

SEC. 1001. VOLUNTARY RETIREMENT INCENTIVE PLANS.

(a) IN GENERAL.—Section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) is amended by adding at the end the following:

"(m) Notwithstanding subsection (f)(2)(B), it shall not be a violation of subsection (a), (b), (c), (e), or (i) solely because a plan of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) offers employees who are serving under a contract of unlimited tenure (or similar arrangement providing for unlimited tenure) additional benefits upon voluntary retirement that are reduced or eliminated on the basis of age, if—

"(1) such institution does not implement with respect to such employees any age-based reduction or elimination of benefits that are not such additional benefits, except as permitted by other provisions of this Act; and

"(2) with respect to each of such employees who have, as of the time the plan is adopted, attained the minimum age and satisfied all non-age-based conditions for receiving a benefit under the plan, such employee is not precluded on the basis of age from having 1 opportunity lasting not less than 180-days to elect to retire and to receive the maximum benefit that would be available to a younger employee if such younger employee were otherwise similarly situated to such employee.".

(b) CONSTRUCTION.—

(1) APPLICATION.—Nothing in the amendment made by subsection (a) shall be construed to affect the application of section 4 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623) with respect to—

(A) any employer other than an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965); or

(B) any plan not described in subsection (m) of section 4 of such Act (as added by subsection (a)).

(2) RELATIONSHIP TO PROVISIONS RELATING TO VOLUNTARY EARLY RETIREMENT INCENTIVE PLANS.—Nothing in the amendment made by subsection (a) shall be construed to imply that a plan described in subsection (m) of section 4 of such Act (as added by subsection (a)) may not be considered to be a plan described in section 4(f)(2)(B)(ii) of such Act (29 U.S.C. 623(f)(2)(B)(ii)).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall take effect on the date of enactment of this Act.

(2) EFFECT ON CAUSES OF ACTION EXISTING BEFORE DATE OF ENACTMENT.—The amendment made by subsection (a) shall not apply with respect to any cause of action arising under the Age Discrimination in Employment Act of 1967 prior to the date of enactment of this Act.

PURPOSE

The need for this legislation arises primarily from the expiration at the end of fiscal year 1998 of the authorizations for the programs in the Higher Education Act (HEA). The principle objective of the HEA is to expand postsecondary education opportunities, particularly for low-income individuals, and to increase the affordability of postsecondary education for moderate-income families. The fundamental purpose of the Higher Education Amendments of 1998 is to reaffirm America's commitment to maintaining its higher education system as the best in the world.

The student assistance programs have increasingly become the dominant means by which the Federal Government pursues the goal of equal educational opportunity for all Americans. The fiscal year 1998 appropriation for programs authorized by the Higher Education Act will result in more than $48 billion being available for student financial assistance. In addition, the tax credits and deductions included in the Taxpayer Relief Act of 1997, will result in an additional $40 billion for postsecondary education over the next five years. In fact, the Federal student financial assistance pro-

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grams currently provide 75 percent of the available student financial assistance from all sources in the United States. Roughly one out of every two undergraduates receive some form of Federal student aid. This compares with about 1 in 10 who receive state aid and 1 in 6 who receive institutional aid.

In undertaking the reauthorization of the Higher Education Act, the Committee adopted the following guiding principles:

Making higher education more affordable;
Simplifying the student aid system;
Stressing academic quality; and,
Improving access to a postsecondary education for all.

AFFORDABILITY

College affordability has been a central part of the discussions surrounding the Committee's review of the grant and loan programs found in the Higher Education Act. As Committee Members have talked to individuals across the country concerning the reauthorization of the Higher Education Act, the consistent question being asked by students and parents is "why is college so expensive and why are college prices rising so quickly?"

The Committee recognizes that in today's technology and information based economy, getting a high quality postsecondary education is more important than ever. For many Americans, it is the key to the American dream. Historically, higher education prices have increased at roughly the rate of inflation. However, since the early 1980's, college tuition has spiraled at a rate of two-to-three times that of inflation every year. According to a report released by the General Accounting Office (GAO), between 1980–1981 and 1994–1995, tuition at 4–year public colleges and universities increased 234 percent, while median household income rose 82 percent, and the consumer price index rose only 74 percent.

That is not to say that there are not affordable schools. The Committee recognizes that there are still some affordable schools and there are college presidents who are committed to keeping costs low. The Committee notes that there are schools that are trying very innovative things to reduce tuition prices, and Members of the Committee are hopeful that some of these practices can serve as models for similar types of institutions.

To better understand what is driving these cost increases and what could be done in order to reduce the price of a postsecondary education, the Committee favorably reported H.R. 1511, the Cost of College Review Act of 1997, by voice vote. This legislation was enacted on June 12, 1997 (P.L. 105–18) and established the National Commission on the Cost of Higher Education. The Commission was composed of 11 Members appointed in a bipartisan fashion. The Commission members were selected for their expertise in higher education finance, Federal financial aid programs, education economics research, and public or private higher education administration. They were assigned the task of studying the reasons for the rapid tuition increases that have occurred over the last several years and making specific recommendations as to how these increases can be brought under control.

On January 21, 1998, the Commission issued its final report, and on February 10, 1998, the Commission went out of existence. Representative McKeon (R-CA) and Representative Castle (R-DE) offered an amendment to H.R. 6 that was accepted by the Committee, to include a number of the Commission's recommendations in the reported bill. Most important for students and parents will be the increased availability of information with respect to college costs and prices that the Secretary of Education will make available on a yearly basis. In addition, Title X of the bill clarifies that colleges and universities can offer tenured faculty early retirement bonuses. This will give tenured faculty new retirement benefits while giving institutions more flexibility to provide instructors with the most up to date knowledge while reducing a costly regulatory burden on schools. It is the intent of the Committee that these cost savings be passed directly on to students.

H.R. 6 also addresses the issue of affordability by strengthening the Pell Grant Program, particularly for dependent and independent students who work and save for their college education. It addresses affordability by keeping the student loan programs viable with a workable solution to the 1998 interest rate problem. It addresses affordability by continuing and improving the campus-based aid programs that assist millions of students in financing their college education.

SIMPLIFICATION

The Committee's efforts at simplification are found throughout H.R. 6. The most significant step is the creation of a Performance-Based Organization (PBO) within the Department of Education to manage the application and processing systems in order to promote improved services to students, families and institutions of higher education. The PBO provisions are taken from H.R. 2536 introduced last fall by Representative McKeon (R-CA) and Representative Kildee (D-MI). It is intended that the Chief Operating Office of the PBO and the Secretary of Education work in close cooperation to provide a new level of high quality service. The Committee's efforts at simplification will directly benefit students by giving them faster and easier access to the financial aid they need to pursue a postsecondary education. Our efforts will improve service to borrowers after they graduate by giving them easy access to information on their student loans, and our efforts will benefit them as taxpayers by reducing the cost of running our Federal financial aid programs.

H.R. 6 takes the 1992 Amendments to the Higher Education Act a step further in the area of simplification and directs that the Free Application for Federal Student Aid (FAFSA) be the single application for both loan programs. H.R. 6 also provides institutions of higher education that perform well in their duties with relief from certain regulatory requirements. This will serve as a great benefit to their students, as well as an incentive to other institutions to perform well.

H.R. 6 will reduce paperwork and red tape for students. Under H.R. 6, students will be able to use one form to apply for all types of Federal student assistance. Students will no longer have to fill out a separate form for their FFEL loans. In addition, H.R. 6 requires the Secretary to develop an electronic application for student financial assistance. This will allow students to apply for aid from

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their home, school, or library using a computer. H.R. 6 also retains the simplified needs test, allowing two-thirds of all Pell eligible students to avoid filling out substantial parts of the aid application form.

Under H.R. 6, students will no longer have to provide lenders with a statement of financial need. This responsibility is given to the school that the student attends. In addition, H.R. 6 simplifies the loan deferment process. Students will no longer have to file a form to get the in-school deferment to which they are entitled. Borrowers who provide evidence of qualifying for unemployment benefits will no longer have to provide additional forms to qualify for an unemployment deferment. Finally, under H.R. 6, students will be able to quickly check on the status of their loans over the Internet.

QUALITY

Improving academic quality comes in several forms in H.R. 6. The new teacher education program is the focal point for improving academic quality. Part E of Title II replaces current teacher training programs under Title V of the Higher Education Act, with a single, competitive grant to Governors. Activities of such grants will focus on strengthening State teacher certification procedures to better reflect current and future teacher's academic knowledge of the subjects they teach. Grants would also support the reform of schools of education in colleges and universities to focus more attention on academic content knowledge. In addition, this will provide incentives to increase the content knowledge of the academic subject matter of current and future teachers, including training in the use of effective technologies in the classroom. Testimony at our hearings indicated the need for teachers to be trained in the subject areas that they are teaching. These grants will help improve and strengthen the quality of teachers so that students have the tools they need to achieve academically.

By strengthening the TRIO programs, which provide outreach services to disadvantaged students, H.R. 6 will improve the academic preparedness of the students at our nation's colleges and universities. Students who previously would not have thought of pursuing a postsecondary education will be encouraged to excel in their studies, and will be better prepared for college level work.

H.R. 6 will allow students more convenient access to a postsecondary education through new distance learning programs. The quality of these programs is assured by the requirement that all such programs be accredited. Under H.R. 6, students will be able to select classes and instructors from across the country or around the world. This will give students the ability to take courses from the best professors without leaving their homes.

H.R. 6 will give students and parents quality information when choosing a school. For the first time, Americans will have access to current information on the cost of a particular college or university, the average amount of financial aid available to students at that institution, and how the institution is spending its money.

H.R. 6 will improve the quality of life on campus. The Campus Crime Reporting provisions in H.R. 6 will provide students a safer college experience. Students and their families will be given important information on campus crime. They will be able to use this information in choosing a school, and in making decisions to protect their personal safety once on campus.

By strengthening the Urban Community Service program, H.R. 6 will improve the quality of life in cities across the nation. The best and brightest from campuses across the country will be encouraged to work with private organizations and civic groups to find solutions to the most pressing problems in their communities.

IMPROVING ACCESS

H.R. 6 extends and improves all of the existing funded programs found in the Higher Education Act. Programs to support Historically Black Colleges and Universities, Hispanic-Serving Institutions and Tribally Controlled Colleges and Universities have all been strengthened in Titles III and V of H.R. 6. The International Education Programs have been given a thorough review in light of the changing global dynamics and needs of the United States with respect to our international colleagues.

H.R. 6 strengthens early outreach and intervention during the high school and middle school years. Students and their families are frequently not well informed about the availability of financial assistance, the range of postsecondary educational options and the appropriate high school programs that lead to postsecondary education. H.R. 6 improves early outreach and intervention efforts by strengthening the TRIO programs and expanding the role of the States under the State Student Incentive Grant Program.

H.R. 6 improves access to a quality postsecondary education by allowing students, especially those in rural or remote areas, to take classes using new distance learning technologies. H.R. 6 creates a new distance learning demonstration program, under which the Secretary will be allowed to waive regulations that have been a barrier to the use of new technologies in the past. Under H.R. 6, students will be able to take courses from home over the Internet or through the use of emerging communications technology.

H.R. 6 also addresses the reauthorization of the Education of the Deaf Act.

COMMITTEE ACTION

In October 1996, organizations, associations and governmental bodies were invited to submit to the Subcommittee on Postsecondary Education, Training and Life-Long Learning their legislative recommendations for the reauthorization of the Higher Education Act. The Subcommittee received recommendations from more than 70 respondents, both from those who were invited to submit recommendations as well as from those who learned of the invitation and submitted recommendations. Some of those submitting recommendations to the Subcommittee were: Accrediting Commission of Career Schools and Colleges of Technology; Alcorn State University; American Association of Colleges for Teacher Education; American Association of Colleges of Nursing; American Association of Collegiate Registrars and Admissions Officers; American Association of Community Colleges; American Association of Cosmetology Schools; American Association of Dental Schools; American Association of State Colleges and Universities; American Council on Education; American Psychological Association; American Vocational Association Associated Western Universities Incorporated; Association of American Universities; Association of Catholic Colleges and Universities; Association of Community College Trustees; Association of Jesuit Colleges and Universities; Association of Proprietary Colleges; California Community Colleges Student Financial Aid Administrators Association; California State University; California State University-Northridge; California Student Aid Commission; Coalition of Higher Education Assistance Organizations; Commonwealth of Kentucky; Commonwealth of Pennsylvania; Council for Advancement and Support of Education; Council for Higher Education Accreditation; Council of Graduate Schools; Council of Independent Colleges; Council of Recognized National Accrediting Agencies; Consumer Bankers Association; Devry, Inc.; Education Finance Council; Education Management Corporation; Graduate Professional Council; Hispanic Association of Colleges and Universities; Hispanic Education Coalition; Illinois Eastern Community Colleges; Independent Colleges and Universities; Inter American University of Puerto Rico System; National Alumni Forum; National Association for College Admission Counseling; National Association of College and University Business Officers; National Association of Developmental Education; National Association of Graduate-Professional Students; National Association of Independent Colleges and Universities; National Association of Migrant Education; National Association of State Universities and Land-Grant Colleges; National Association of Student Financial Aid Administrators; National Education Association; National HEP-CAMP Association; National Collegiate Athletic Association; National Consumer Law Center; National Council of Educational Opportunity Associations; National Council of Higher Education Loan Programs; National Student Employment Association; New York State Higher Education Services Corporation; Sallie Mae; State Higher Education Executive Officers; Student Loan Servicing Alliance; Teachers of English to Speakers of Other Languages; Texas Guaranteed Student Loan Corporation; The California Coalition; U.S. Public Interest Research Group; United Negro College Fund; United State Catholic Conference; United States Student Association; University Continuing Education Association; University of California; University of Missouri-Columbia.

HEARINGS

The Subcommittee on Postsecondary Education, Training and Life-Long Learning held hearings both in and outside of Washington to review and make determinations on revising the Higher Education Act. This review included, but was not limited to, grant programs, loan programs, institutional programs, integrity and accountability issues, and the overall role of the Federal Government in the area of higher education. Most importantly, the Subcommittee held these hearings to gather extensive information with respect to federal higher education policy and insight into the rising costs of higher education from those closest to the problems—local college presidents, students, and parents.

In addition, hearings were held on teacher preparation, the Education of the Deaf Act, and early retirement incentives. Specifically, the Subcommittee on Postsecondary Education, Training, and Life-Long Learning held a hearing on July 15, 1997 that focused on Title V of the Higher Education Act and the Education of the Deaf Act. At this hearing Members heard views relating to teacher preparation from teachers, higher education institutions, and the Administration and examined ways of improving upon the provisions the Education of the Deaf Act.

Another hearing was held on February 24, 1998 by the Subcommittee on Early Childhood, Youth, and Families that examined issues surrounding teacher preparation such as classroom reduction initiatives; teacher shortages; accreditation of schools of education; certification and licensure of teachers; alternative certification programs; and various State initiatives to improve teacher quality and improve education.

The Subcommittee on Employer-Employee Relations held a hearing on May 22, 1997 on early retirement in higher education to examine the flexibility under federal law to allow institutions of higher education to develop early retirement incentives that meet both institutional needs and the needs of tenured faculty members.

A total of 24 hearings (including those listed above) were held, including 11 field hearings outside of Washington. 187 witnesses testified at the hearings representing a broad cross section of experts and professionals as well as the consumers of education—parents and students. In fact, a total of 15 students testified at the hearings. Witnesses representing the Administration, including Secretary of Education Richard Riley also appeared before the Subcommittee. A list of all of the hearings follows:

Field hearings

The witnesses at the field hearings were invited to share their ideas, concerns and insights into higher education policy and programs contained in the Higher Education Act—those that work and those that do not work for students, families, and institutions. The witnesses were also asked to give their perspective on the current affordability of a postsecondary education.

1. January 28, 1997, York, Pennsylvania, Pennsylvania State University (York Campus)
2. January 30, 1997, Northridge, California, California State University
3. March 25, 1997, Holy Family College (Newton Campus)
4. April 1, 1997, Oshkosh, Wisconsin, University of Wisconsin
5. April 3, 1997, South Bend, Indiana, University of Notre Dame
6. April 21, 1997, Flint, Michigan, Mott Community College
7. April 21, 1997, Rochester, Michigan, Oakland University
8. April 22, 1997, Fort Wayne, Indiana, Indiana-Purdue University Fort Wayne
9. May 2, 1997, Clemson, South Carolina, Clemson University, Strom Thurmond Institute
10. May 5, 1997, Gainesville, Georgia, Brenau University, Thrumond-McRae Lecture Hall
11. May 19, 1997, Mahwah, New Jersey, Ramapo College

Washington, D.C. hearings

1. April 23, 1997, The Rising Cost of College Education
2. May 22, 1997, Subcommittee on Employer-Employee Relations—Early Retirement Incentives in Higher Education
3. June 5, 1997, Student Financial Aid—the Foundation Programs; Pell Grants and Campus-Based Programs
4. June 17, 1997, TRIO, International Education, Graduate Education, Indian Education, and HEP/CAMP
5. June 19, 1997, Secretary of Education Richard Riley—the Administration's Views on the Authorization of the Higher Education Act
6. June 26, 1997, Title III and Urban and Community Service Programs
7. July 15, 1997, Education of the Deaf Act and Title V of the Higher Education Act—Teacher Training
8. July 17, 1997, Campus Crime and Regulatory Reform
9. July 22, 1997, Title IV—Student Loan Programs
10. July 29, 1997, System Modernization Efforts at the Department of Education and Accreditation
11. September 18, 1997, Shutdown of the Consolidation Loan Process in the William D. Ford Direct Student Loan Program
12. February 24, 1998, Subcommittee on Early Childhood, Youth and Families on Teacher Preparation and the Impact of Classroom Size Reduction
13. March 5, 1998, Issues in the Student Loan Programs Relating to the Scheduled July 1, 1998, Interest Rate Change

On January 7, 1997, Representatives McKeon (R-CA), Goodling (R-PA), Clay (D-MO), and Kildee (D-MI) introduced H.R. 6, the Higher Education Amendments of 1998. On the basis of the hearings, bills referred to the Subcommittee, the recommendations of the Administration and the recommendations of the higher education and lending communities, a draft legislative print was prepared. The Subcommittee on Postsecondary Education, Training and Life-Long Learning considered this print as an Amendment in the Nature of a Substitute to H.R. 6 in legislative session on March 4, 1998 during which no amendments were accepted. H.R. 6 was ordered reported to the Full Committee on Education and the Workforce on March 4,1998 by voice vote.

H.R. 6 was considered by the Committee on Education and the Workforce in legislative session on March 18 and 19, 1998, at which 34 amendments were considered. On March 19, 1998, the Committee on Education and the Workforce, with a majority of the Committee present, reported H.R. 6, to the House with amendments, by a vote of 38–3. The explanatory language in this report, including the section-by-section analysis, relates to the bill as reported.

SUMMARY

H.R. 6 amends the Higher Education Act of 1965 and has the following Titles: Title I—General Provisions; Title II—Postsecondary Education Improvement Programs; Title III—Strengthening Institutions; Title IV—Student Assistance; Title V—Developing Institutions; Title VI—International and Graduate Education Programs;

Title VII—Construction, Reconstruction, and Renovation of Academic Facilities; Title VIII—Additional Provisions; Title IX—Amendments to Other Laws; and Title X—Faculty Retirement Provisions. A summary of the specific provisions in these Titles is included in the Background and Committee Views section of this report.

BACKGROUND AND COMMITTEE VIEWS

TITLE I—GENERAL PROVISIONS

H.R. 6 repeals the current unfunded programs in Title I, Parts A, B, C. The repealed programs include School, College and University Partnerships; Articulation Agreements; and Access and Equity to Education for all Americans through Telecommunications. Title I is now General provisions and includes as Part A, Extension and Revision of General Provisions and Part B, Administrative Provisions for Delivery of Student Financial Assistance.

Part A, extension and revision of general provisions

The new Part A of Title I incorporates the general provisions applicable to the Higher Education Act previously located in Title XII. In relocating these provisions, the Committee felt strongly that the definition of "institution of higher education" needed to be located in one place rather than two as is currently the situation. The definition of "institution of higher education" found in Title I incorporates the provisions found in Title XII with provisions found in Section 481 of Title IV. Although the combining of the definitions does not result in substantive changes to eligibility, it does reflect the Committee's view that all sectors of higher education are partners in our Nation's continuing efforts to enhance the productivity of our workforce and enrich the lives of our citizens.

One specific change to the definition of proprietary institution of higher education is designed to clarify what is commonly known as the 85–15 rule. This rule was adopted during consideration of the 1992 Amendments to the Higher Education Act. The purpose of the amendment was to require proprietary institutions of higher education to obtain at least 15% of their revenues from sources other than Title IV funds. This language has been the subject of much debate and litigation based on the Department of Education's interpretation of the intent of the language. It is the view of the Committee that the ability to compete in the market for government and industry training contracts is a clear indicator of the educational value of an institution's program. In the definition of proprietary institution of higher education, the Committee clearly states our intent that revenue from educational programs offered by proprietary institutions, regardless of the program's eligibility under title IV, are to be included in the institution's revenues for purposes of the 85–15 rule so long as those programs are provided on a contractual basis under a government training program or under a specialized training request from business and industry.

Part B, performance-based organization for the delivery of Federal student financial assistance

Part B of Title I includes the language of H.R. 2536, the 21st Century Student Financial Aid System Improvement Act of 1997, which was introduced by Representative McKeon (R–CA) and Representative Kildee (D–MI) on September 24, 1997. This provision instructs the Department of Education to create a performance-based organization (PBO) within the Department for the delivery of federal student financial assistance. The PBO will be responsible for all aspects of managing the data and information systems that support the student financial assistance programs. A Chief Operating Officer having demonstrated management ability and expertise in information technology and financial services is to be hired to manage the PBO.

The purposes of the PBO are to: improve the level of service to program participants; reduce the costs of administering the programs; increase accountability; provide greater flexibility in the management of the operational functions; and integrate the information systems supporting federal student assistance programs.

The Committee recognized the need to make crucial changes to the student financial aid system in order to make it more simple, modern and efficient for the 21st Century. The need for this provision arises from the inability of the Department of Education to adequately manage over $40 billion in student financial aid. For instance, under the current system, the Department has made very limited progress in integrating the National Student Loan Data System (NSLDS) with its other data systems that support the delivery of federal student aid despite legislative mandates in the last two authorizations of the Higher Education Act. Also, the Department's budget for student aid information systems has tripled over the last 5 years and instead of consolidating its existing data systems, the Department has increased the number of system contracts that cannot share data with each other. And in 1998 alone the Department is expected to spend over $300 million on systems contracts to deliver student aid. Yet despite these significant expenditures, the current system requires dozens of paper forms and suffers from needless processing delays and breakdowns.

The Committee firmly believes that a customer-based, Performance-Based Organization within the Department, operated by an experienced Chief Operating Officer can take the necessary steps to properly reengineer the current systems and contracts. This is also in concurrence with the recommendations of the Department's own Inspector General and the independent Advisory Committee on Student Financial Assistance who both have advocated the PBO approach. The Committee also believes the creation of a PBO will result in a more efficient, effective, less expensive and less bureaucratic financial aid delivery system. The end result should be a system that is easy for students and parents to use and one that ensures that students have the information they need to select the education that is best for them—all while ensuring that taxpayer funds are being used efficiently and effectively.

A new Section 112 of the legislation, added by the McKeon-Castle amendment, directs the Secretary to review on a biennial basis all regulations that apply to the operations or activities of any participant in programs authorized under Title IV of the Higher Education Act, and where possible repeal, consolidate, simplify, or modify them if they are no longer in the public interest. This section also requires the Secretary to report to Congress any legislative changes necessary to permit further regulatory simplification.

One of the "cost-drivers" identified by the College Cost Commission was regulatory compliance. During the Committee's January 28, 1997, hearing in York, PA, the Committee was concerned to learn from one of its witnesses, Ms. Deborah Dunn, Executive Vice President of Yorktowne Business Institute, that between August 1992 and September 1993, the Department of Education issued 171 "Dear Colleague" letters changing the Title IV regulations or advising on new interpretations of the regulations. In addition, the Department's regulations include 38 different definitions of "student", 152 different reporting requirements, and 237 different definitions of "compliance." The Committee is committed to ensuring the integrity of the Federal financial aid programs. However, it is not the intent of the Committee to unduly burden participants in the Federal student aid programs with regulations that are redundant, out of date, or difficult to comply with or understand.

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

Title II of the Higher Education Act contained the Higher Education Library Programs prior to enactment of P.L. 104–208 which established the Institute of Museum and Library Services and repealed all of Title II. H.R. 6 transfers several existing programs to Title II. The Urban Community Service Program is transferred from Part A of Title XI and is now Part A of Title II. This program provides incentives to urban institutions (including academic, private and civic bodies) to work together to devise and implement solutions to the most pressing and severe problems in their communities. Applied research, technical assistance, improvement and provision of services, training and data collection and analysis are examples of activities that can be supported under this part. This program has become very popular among urban institutions and other institutions have asked that the information developed as a result of this program be shared with those who may wish to conduct similar programs on their own. H.R. 6 specifically directs that this information be made available to any interested institution.

Part B of title II reflects the transfer of the Fund for the Improvement of Postsecondary Education from Part A of title X. The special projects that may be funded under the program have been expanded to include projects dealing with articulation agreements among institutions and international cooperation and student exchange among institutions. There are authorized to be appropriated $30,000,000 for fiscal year 1999 and such sums for the four succeeding fiscal years.

In addition, the McKeon-Castle amendment strengthened our role in keeping college affordable by enhancing national support for innovative projects. Specifically, this amendment added innovative projects addressing issues of productivity, efficiency, quality improvement, and cost control at postsecondary institutions as one of the special projects that can be funded by FIPSE.

The Committee notes that one such initiative that the Commission found promising was maximizing the opportunity for cost savings through joint campus purchase of goods and services and joint use of facilities. The Committee believes these opportunities should be pursued through various types of partnerships. For example, the Committee is aware of innovative cost-containment efforts initiated by the Southeastern Pennsylvania Consortium for Higher Education (SEPCHE), a coalition of eight small colleges in the greater Philadelphia area. This initiative, geared to enhancing the quality, efficiency and cost effectiveness of academic programming, student access, faculty development, institutional operations and community and educational outreach through resource sharing, collective purchasing, joint planning and technological linkage, might well serve as a model for price control for other small colleges and universities. The Committee strongly endorses the pioneering work of consortia such as SEPCHE and encourages it and others like it to make the results of their efforts available to other small to mid-size institutions of higher learning.

Part C of Title II reflects the transfer of Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders from Part E of Title X. The program is authorized to be appropriated at $5,000,000 for fiscal year 1999 and such sums for the four succeeding fiscal years.

Part D of Title II reflects the transfer of the Advanced Placement Fee Payment Program from Part G of title XV of the Higher Education Amendments of 1992. The program is authorized to be appropriated at $3,600,000 for fiscal year 1999 and such sums for the four succeeding fiscal years.

Part E of Title II replaces current teacher training programs under Title V of the Higher Education Act, with a single, competitive grant to Governors. Activities of such grants will focus on strengthening State teacher certification procedures to better reflect current and future teacher's academic knowledge of the subjects they teach. Grants would also support the reform of schools of education in colleges and universities to focus more attention on academic content knowledge. In addition, this will provide incentives to increase the content knowledge of the academic subject matter of current and future teachers, including training in the use of effective technologies in the classroom.

As part of the 1992 reauthorization of the Higher Education Act, numerous programs were established to address a variety of issues related to teacher recruitment, retention and development. When coupled with the programs that already existed under Title V, there were 17 separate programs, each with their own requirements, standards and authorization. As the Committee began its work in 1997 to reauthorize the Higher Education Act, there was a growing consensus to replace these programs, which have gone largely unfunded, with a more targeted source of funding to assist States and localities in addressing their needs in this area. This effort led to the establishment of the Teacher Quality Enhancement Grants.

In developing these grants, the Committee gathered a significant amount of information through hearings. Through these hearings, several major issues emerged related to teacher preparation. Specifically, despite continued reports of an impending "shortage of teachers," the Committee found a far greater need to address problems with respect to the quality of teachers and of teacher preparation programs in this nation. Other issues identified during these hearings included insight into the area of alternative routes to teacher certification as a means to increase the pool of qualified teachers; the growing concern regarding the inadequacy of many State teacher licensure requirements which often lack a focus on academic knowledge; and the need to focus teacher professional development on academic content knowledge.

A number of legislative initiatives introduced by several Members of this Committee were also important in the development of this proposal. Those include: H.R. 2288, the Teaching Excellence for All Children Act of 1997 introduced by Representative Miller (D-CA); H.R. 3440, Alternative Routes to Teacher Certification Act of 1998 introduced by Representative Roemer (D-IN); H.R. 2698, America's Teacher Preparation Improvement Act introduced by Representative McCarthy (D-NY); H.R. 2852, the Clinton Administration's proposal introduced by Representative Kildee (D-MI); H.R. 3085, the Partnership for Professional Renewal Act of 1997 introduced by Representative Woolsey (D-CA); and H.R. 2495, Higher Education for the Twenty-First Century Act introduced by Representative Hinojosa (D-TX).

Unlike the prior array of teacher preparation programs under the former Title V, the Committee established a single program incorporating many of the issues addressed above. An important element of the Teacher Quality Enhancement Grants is providing States with the ability to competitively seek funds for initiatives which address the areas that they feel are most important within their own boundaries.

Specific activities supported under the Teacher Quality Enhancement Grants include strengthening State teacher certification procedures to better reflect current and future teacher academic knowledge of the subjects they teach, and reforming schools of education to better prepare teachers with academic content knowledge. In addition, initiatives would be funded which increase the content knowledge of the academic subject matter of current and future teachers, including training in the use of effective technologies in the classroom. States would be given priority in their funding application for these activities.

As a part of the Committee's efforts to increase teacher content knowledge (for both current and future teachers), the Governor could also fund projects such as partnerships between public and private higher education institutions, local educational agencies, and private and parochial schools. Governors could also fund other activities related to expansion of State programs for alternative routes to certification and initiatives to expeditiously remove incompetent or unqualified teachers.

In short, while these grants provide significant flexibility to States in addressing issues related to teacher preparation, the Committee made an effort to ensure that the major focus be on improving overall teacher quality in this nation. During the hearings on teacher preparation, the Committee heard from many witnesses who provided a compelling case that the focus of efforts in this area should be on the quality of teachers over that of expanding the quantity of teachers. One witness, C. Emily Feistritzer, Director, National Center for Educational Information, put into perspective recent projections from the Department of Education which claim that 2 million new teachers will be needed over the next decade as a result of growing enrollments and the aging of the current teaching workforce. Mrs. Feistritzer noted:

> "When most people hear that we'll need 200,000 new teachers every year for the next decade, [2 million in total] they think it means brand new teachers—people who have never taught before. Well, that is not what it means. * * * According to the National Center for Education Statistics Schools and Staffing Survey, 5.8 percent of the total teacher workforce of 2.39 million were "newly hired" in 1993–94 (the latest year for which these data are available). Of these 139,000 "newly hired" teachers, fewer than half (42 percent) were "newly minted" teachers, that is, teachers who had just finished a college program and had never taught before. Nearly one-fourth (24 percent) of them were "delayed entrants" * * * The remaining third of "new" teachers were actually former teachers coming back into the profession. These statistics are terribly important. The bottom line is the nation is hiring—and is projected to need to hire—approximately 45,000 newly minted teachers per year. That is a far cry from 200,000!" She also notes "only about a third of fully qualified teachers who graduate from the nation's 1200 or so colleges that train teachers in any given year are actually teaching the following year."

If there is truly a demand for 45,000 teachers each year, the question becomes "how many prospective teachers are graduating from our colleges and universities annually?" Mrs. Feistritzer, also provided insight into this question:

> "According to the National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), 106,079 bachelor's degrees in education were conferred in 1994–95, the latest year for which NCES has published data. In addition, 101,242 Master's degrees in education and 6,905 doctorates in education were conferred. Every year in this decade, colleges and universities have been awarding more than 100,000 bachelor's degrees in education alone. The education field is second only to business in number of degrees conferred". She also notes "only about a third of fully qualified teachers who graduate from the nation's 1200 or so colleges that train teachers in any given year are actually teaching the following year."

These statistics explain why, according to Census data, there are more than 6 million individuals holding at least a Bachelors Degree in education, representing 16.2% of all degrees held by individuals. In short, the Committee found that too few graduates of teacher preparation programs go into teaching and too few stay in the teaching profession. In fact, our colleges and universities are churning out more teachers annually than there are jobs. Based on current trends, we can only meet the future demand for teachers by encouraging more graduates of teacher preparation programs, including those who have chosen another profession to commit to the teaching profession, and by encouraging more college students to go into teacher preparation programs.

There is evidence to suggest that there is a problem with respect to the quality of many teachers. A recent report by the National Center for Education Statistics found that 36 percent of those now teaching core subjects, such as math and science neither majored nor minored in those subjects.

During hearings on teacher preparation, the Committee heard from numerous witnesses on the need to focus on quality. Some of the examples of the current situation were especially enlightening. Professor Ballou, Associate Professor of Economics at the University of Massachusetts, provided one such example from the Connetquot District in Long Island, NY, which recently had 758 applicants for 35 teaching spots. Mr. Ballou noted, "As a screening device, district officials required applicants to answer at least 40 out of 50 multiple-choice reading comprehension questions from old regents exams given to high school juniors. Of the 758 applicants, all of whom had baccalaureate degrees and teaching certificates, only 202 met this 11th grade standard."

The problem of qualified teachers is most critical in poor, urban and rural schools. While a variety of factors have been attributed to this problem; the most common are the lack of competitive salaries and the attractive working conditions available in the surrounding suburbs. A recent education report also noted that outdated and cumbersome hiring procedures compound the problem facing these schools and that principals in large urban bureaucracies have less control over hiring teachers than those in nonurban areas.

With respect to the teacher quality in poor urban and rural schools, Kati Haycock, Director of the Education Trust, made the following observation during a Committee hearing:

> As bleak as the overall situation is, the picture for low-income students and minority students is even bleaker. The least well-qualified teachers are most likely to be found in the high poverty schools, and predominately minority schools. Whereas only 8% of the public school teachers in low-poverty schools taught without a minor in their main teaching assignment, fully a third of the teachers in high poverty school were teaching without a minor in their main assignment field. Nearly 70% taught without a minor in their secondary assignment field. About one-third of the English classes in high poverty secondary schools are taught by an individual without either a college major or minor in English. In fact, students in schools with the highest minority enrollment have less than a 50% chance of having a science or math teacher who holds both a license and a degree in the field that he or she is teaching. It is ludicrous to expect these children to achieve at higher

> levels when we provide them with teachers who do not know their subject areas.

H.R. 6 also addresses this problem by providing loan forgiveness to teachers who teach in high poverty elementary and secondary schools. An amendment offered by Representative Graham (R-SC) and Representative Kildee (D-MI) was accepted that allows teachers to have their student loan forgiven if they teach for three academic years in a high poverty school. The Committee hopes this provision will help retain quality teachers in these schools and reduce teacher shortages in these areas.

Although there is a debate with respect to the relative impact a "qualified" teacher has upon student success, common sense tells us that students do better if their teachers are knowledgeable in the subjects they teach—"you can't teach what you don't know." Professor William Sanders of the University of Tennessee, who has studied the impact of teacher qualification on student achievement made the following conclusion: "What we've consistently found, starting back in the 80's, is that when compared to class size or the ethnicity of the student, or whether they are on free or reduced price lunch, all of these things pale in comparison to the effectiveness of the individual classroom teacher." Other researchers, including Dr. Ronald F. Ferguson, at Harvard, found that teacher qualifications are the single most important determinant of student test scores, having four times more impact on test scores than class size.

In response to these findings, the Committee has focused the Teacher Quality Enhancement Grants on addressing issues of quality, while providing States flexibility in implementing such initiatives.

Specifically, these grants will support efforts in States like Pennsylvania, which is working to increase the quality of teachers through a variety of approaches. This includes setting more challenging admissions standards for schools of education; implementing rigorous academic and curricular standards in teacher-training programs; setting higher qualifying examination scores for teacher certification; and expanding alternative routes to teacher certification.

As part of this focus on quality, another major focus of these grants is to encourage States to hold teacher preparation institutions more accountable for preparing quality teachers. The need to improve teacher preparation programs in colleges of education has received significant attention recently. There is growing consensus that these institutions have moved away from focusing on "what to teach" and instead focus too much on "how to teach."

Responding to proposals to send funds to schools of education in hopes of their improvement, E.D. Hirsch, Jr., President, Core Knowledge Foundation, stated,

> It would be unwise to spend any taxpayer money that finds its way into schools of education. Schools of education, are currently the origins of our problems, not their solution. Still, more generally, it is undesirable to channel money to administrative entities that are populated by education postgraduates or ex-professors of education, all

> of whom tend to share a self-defeating emphasis on process rather than on knowledge. Unfortunately, this caveat applies to most state departments of education, to most accrediting organizations like NCATE, and to many grant-giving organizations like the education division of the National Science Foundation."

As criticism of these institutions continues to escalate, current solutions to improve these schools of education have not yet achieved widespread support. In particular, efforts by the National Council for Accreditation of Teacher Education (NCATE) to accredit these schools has been met with resistance by those who claim that such accreditation has little or no impact on teacher quality.

During the Committee's February 24, 1998 hearing, Eugene W. Hickok, Pennsylvania Secretary of Education also commented on NCATE. He testified:

> The National Council for Accreditation of Teacher Education (NCATE) program approval process is extremely labor intensive and very expensive for the schools that seek the Council's accreditation. It places far less emphasis on the rigorous academic quality measures that will be required under Pennsylvania's initiative. Our experience in Pennsylvania has been that NCATE-approved schools over-emphasize education methods courses at the expense of content-area studies vital for teachers' future success and professional stature.

Clearly, there is not sufficient evidence to support any particular initiative to improve schools of education. It is for this reason that under the Teacher Quality Enhancement Grants, Governors, (with certain exceptions with respect to State laws and State Constitutions), are provided the opportunity to receive grants to assist in their efforts to improve their schools of education. Specifically, the bill includes a priority for the receipt of funds to those Governors implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach. Under the bill, these initiatives may also be undertaken through Partnerships described below.

A significant provision included under these grants is a strict accountability measure for any institution of higher education preparing teachers within States receiving funds. Specifically, in order to receive funds a State must demonstrate that 80 percent of graduates of each of the exemplary institutions of higher education in any Partnership who enter the field of teaching pass all applicable State qualification assessments of new teachers. Such assessments must include an assessment of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher provides instruction. A higher standard is set prior to subsequent funds going to the State, in that all institutions of higher education with teacher preparation programs must demonstrate a 70 percent threshold. To ensure that States do not simply make their test less difficult in order to allow more graduates to pass, the language also requires states to use an assessment "at least as rigorous as those in place on the date of enactment of this Act."

In response to the significant evidence showing a general lack of academic knowledge of teachers in the subject areas in which they teach, the Teacher Quality Enhancement Grants also promote State initiatives to reform State teacher certification requirements. Specifically, these reforms are intended to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified and assigned to teach.

The Committee also notes the limits of initiatives to implement a National teacher certification. One initiative currently being undertaken by the National Board for Professional Teaching Standards has failed to generate the systemic change in quality originally envisioned, despite nearly $60 million in Federal expenditures over seven years.

Eugene Hickok, Secretary of Education in Pennsylvania illustrated this fact during a recent Committee hearing. He testified that "with only two of the 13 Master Teacher standards established by the National Board to evaluate Master Teachers, I am not convinced that this distinction rivals the rigorous content preparation that will be required for all teachers under Pennsylvania's proposal * * * While we watch the National Board with interest, we perceive its emphasis, like NCATE, to be too weighted in the traditional School of Education mind set of methodological training."

The 1992 Committee report on the reauthorization of the Higher Education Act provided the first authorization for the National Board. Although at the time, funding was intended to be "seed" money and funds were to be matched by the Board by 100%, this appears to no longer be the case, as efforts to increase the reliance on Federal funding expands. H.R. 6 includes a prohibition of Federal funds to be spent on this Board.

Another important focus of the Teacher Quality Enhancement Grants is to encourage the use and expansion of high quality programs which provide alternative routes to teaching for individuals such as paraprofessionals, former military personnel, and mid-career professionals. These programs provide opportunities for a wide variety of qualified individuals to enter the teaching profession.

According to C. Emily Feistritzer, Director, National Center for Educational Information, "Despite the growing interest in alternative routes for certifying teachers, most states' programs are underutilized, due primarily to opposition from state officials and colleges within the state that control teacher education and certification." This, despite the fact that these programs have provided a viable pathway for many minorities into the nation's teaching force. Mrs. Feistritzer also notes that, "Nationally, nine percent of public school teachers are minorities. This compares with about a third of teachers coming through alternative routes who are minorities." Evidence also suggests that expanded use of these programs could help meet the demand for teachers in inner cities, especially in bilingual education, special education, mathematics and science.

A major goal of this Committee has been to ensure that Federally funded programs are built upon a system of accountability. Therefore, the Teacher Quality Enhancement Grants have strong reporting and accountability requirements. Governors receiving these funds must annually report to the Secretary of Education and to the Congress how they have met the following criteria in order to continue receiving these grants:

Raising the State academic standards required to teach;

Increasing the percentage of classes taught in core academic subjects areas by teachers fully certified by the State to teach in those subject areas;

Decreasing the shortage of qualified teachers in poor urban and rural areas; and,

Increasing opportunities for enhanced and ongoing professional development that improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification.

The Committee believes that these accountability measures will ensure that these grants provide incentives to States to improve the quality of teacher preparation by focusing on the academic content area teachers must know in order to be certified to teach. Based on the evidence that the Committee has heard through experts testifying at our hearings, the Committee believes that improving the quality of our nations teaching force should be a priority.

H.R. 6 also holds teachers accountable to parents by requiring that local educational agencies who received funds under this program through a partnership make available to parents the qualifications of their student's classroom teacher. Specifically, parents must be informed, upon request, about the qualifications of their child's teacher both generally and with regard to the subject matter in which the teacher is providing instruction. The Committee believes this is another tool for parents to determine whether teachers are qualified to teach the subject matter their child is studying. Similar language was included in Chairman Goodling's Reading Excellence Act that passed the House unanimously.

Finally, H.R. 6 has specific prohibitions to ensure that nothing in this part shall be construed to permit, allow, encourage or authorize any Federal control over any aspect of private, religious or home schools. In addition, H.R. 6 does not bar such schools from participation in programs or services provided by these grants. Also, H.R 6 ensures that nothing in this part permits, allows, encourages, or authorizes any national system of teacher certification.

The Committee is adamant in its position that State and local communities must determine the qualifications of their teachers and must, in the end, be the ones who hold their teachers accountable. These Teacher Quality Enhancement Grants are only an incentive to help States boost their own State standards for teachers and help improve the quality of teachers graduating from colleges of education in their States.

TITLE III—INSTITUTIONAL AID

Title III of the Higher Education Act provides assistance to Historically Black Colleges and Universities (HBCUs) and other institutions of higher education that enroll large numbers of minority students and students from low-income backgrounds. To be eligible for funds under Title III, institutions must have low educational and general expenditures as compared to other similar institutions.

H.R. 6 makes significant changes to Title III, designed to expand the authorized activities to reflect the increased use of technology and new communication technologies in providing a quality higher education. In addition, schools which receive Title III grants may use up to 20% of those grants for establishing and/or improving their endowment funds in order to promote increased self-sufficiency on the part of these institutions. Provisions formerly included in Title III that related to Hispanic-Serving Institutions have been relocated to Title V, Developing Institutions, while the Minority Science and Engineering Improvement Programs formerly contained in Title X have been transferred to Title III as a new Part D. The other changes made are substantially technical and are designed to improve the administration of the program.

Part A, strengthening institutions

Part A of Title III provides Federal financial assistance to strengthen institutions of higher education that are in severe financial hardship. Funds can be used for a variety of purposes, including faculty development, funds and administrative management, the joint use of libraries and laboratories, student services, improving facilities for Internet or other distance learning instruction capabilities and establishing or improving an endowment fund. Institutions that are eligible for Title III funds under Part A must engage in a competition for these funds.

In light of the relatively low level of funding compared to the large number of applications for Part A funds, the Committee has included a provision requiring institutions that receive a grant to wait two calendar years before applying for another grant. The Committee believes that a waiting period is necessary in order to allow many different institutions to benefit from Part A funds. The Committee did hear from many Part A institutions about the rigors of the application process and the expense associated with simply applying for funds. In order to address their concerns, the Committee adopted a provision instructing the Secretary of Education to develop a preliminary application for use by institutions. The Committee intends that such a form be designed to allow institutions to apply without incurring great expense.

The Committee has included in Part A of Title III a new Section 316 to provide assistance to Tribally Controlled Colleges and Universities. The Committee believes the needs of these colleges are sufficiently strong to warrant a separate provision and separate authorization. An institution that qualifies and receives support under this provision may not, however, concurrently receive assistance under either Part A or Part B of this Title. Hispanic-Serving Institutions were formerly included in this section, but provisions related to Hispanic-Serving Institutions have been transferred to Title V.

Part A is authorized to be appropriated at (other than section 316) $135,000,000 for fiscal year 1999 and such sums for the four succeeding fiscal years. Section 316 is authorized to be appropriated at $10,000,000 for fiscal year 1999 and such sums for each of the four succeeding fiscal years.

Part B, strengthening historically black colleges and universities

Part B authorizes a formula grant program for HBCUs with undergraduate programs, as well as a separate program for certain designated HBCU graduate and professional programs and schools. To be eligible for funds under this Part, an institution must have been established prior to 1964 with the ongoing mission of educating African Americans. In general, the activities authorized under this Part are similar to the activities authorized under Part A. Applicants for funds under this Part must provide the Secretary of Education measurable goals for the applicant's financial management and academic programs and a plan for achieving those goals. At the hearing on June 26, 1997, before the Subcommittee on Postsecondary Education, Training and Life-Long Learning, Dr. Thomas Cole, Jr., President of Clark Atlanta University said, "There is consensus in the HBCU community on limiting our recommendations with respect to Title III because the program is working well and should be reauthorized with only modest changes." The Committee took Dr. Cole's statement seriously and made only minor changes with respect to Part B.

The Committee recognizes that Title III aid has been extremely important to the enhancement of HBCUs. Grants awarded under this title have been an integral part of the progress of HBCUs toward excellence and self-sufficiency. To add to the spectrum of effective uses of these grants, H.R. 6 amends Part B to mirror Part A by allowing institutions to use up to 20% of funds awarded under Part B to establish or improve endowment funds. Amounts used for this purpose must be matched by an equal or greater amount from non-Federal funds.

For Part B, other than Section 326, there are authorized to be appropriated $135,000,000 for fiscal year 1999 and such sums as may be necessary for the four succeeding fiscal years.

Section 326 of part B, graduate institutions

African Americans continue to be underrepresented in the health and legal professions and in doctoral programs. Despite their small size and number as compared to the majority of U.S. institutions, HBCUs have been more effective than other institutions in producing African American graduate students. According to the National Association for Equal Opportunity in Higher Education, HBCUs graduate on a per institution basis, three and one half times more African American PhDs than all majority U.S. institutions combined. Title III, Section 326, has been a good investment as all sixteen of the institutions currently receiving aid under this program have developed outstanding programs and enhanced their applicant pool. In light of their success, the Committee has decided to include additional eligible institutions for purposes of Section 326. These two new institutions are Norfolk State University and Tennessee State University.

H.R. 6 provides a mechanism for adding these two new institutions without adversely affecting the awards to the existing sixteen schools. H.R. 6 also includes new provisions for allocating funds to all schools when total funding exceeds $25,000,000. All newly appropriated funds above the FY 1998 level will be distributed based upon a formula that takes into account:

(i) the number of doctoral or first professional degree students enrolled in an eligible program;

(ii) the number of graduates from the qualified programs for the previous year; and,

(iii) the average cost of instruction for all students enrolled in the qualified programs.

The Secretary is directed to develop the formula guidelines and share them with the sixteen institutions for comment. The Committee believes that such a formula based on productivity would enhance the Section 326 program. For Section 326, there are authorized to be appropriated $35,000,000 for fiscal year 1999 and such sums as may be necessary for the four succeeding fiscal years.

Part C, endowment challenge grants

The Endowment Challenge Grant Program was established to ensure that the Federal government play a significant role in increasing the financial stability of developing institutions and HBCUs. Although funding for this Part has not been appropriated for the past several years, the Committee has retained the current provision.

For Part C, there are authorized to be appropriated $10,000,000 for fiscal year 1999 and such sums as may be necessary for the four succeeding fiscal years.

Part D, Minority Science and Engineering Improvement Program

The Minority Science and Engineering Improvement Program is designed to effect long-range improvements in science and engineering education, and improve support programs for minority students enrolled in science and engineering programs at predominantly minority institutions. The program provides support for both minority students and institutions to improve access and program quality in the areas of science and engineering. It also calls for interagency cooperation within the Department of Education and within Federal, State, and private agencies that carry out programs to improve the quality of science, mathematics, and engineering education. Originally contained in Title X of the HEA, its provisions have been moved to Part D of Title III.

For Part D, there are authorized to be appropriated $10,000,000 for fiscal year 1999 and such sums for the four succeeding fiscal years.

TITLE IV—STUDENT ASSISTANCE

Part A, grants to students in attendance at institutions of higher education

Subpart 1, Federal Pell Grants

Generally considered the foundation of student assistance, the Federal Pell Grant Program received a great deal of attention by the Committee in this reauthorization. Since 1973, when awards were first made to undergraduate students from low-income families to help them finance their education, the annual number of awards has grown from 176,000 recipients to 3.6 million in the 1995–96 academic year. After years of little or no increase to the appropriated maximum Pell Grant, Congress began providing serious increases to the Pell Grant Program starting with academic year 1996–97. For 1996–97, the increase was $130 for a maximum of $2,470. This maximum was increased again for the 97–98 academic year by $230 for a new maximum of $2,700. Then, for the 98–99 academic year, the Pell Grant maximum received a $300 increase, the largest single year increase in the history of the program. In actual budget terms, the taxpayer funding of the Pell Grant Program has gone from $2.4 billion in 1980 to over $7 billion by 1998.

The Committee strongly supports the continued increase to the appropriated maximum Pell Grant. The authorized levels set in H.R. 6 reflect this commitment by establishing levels designed to reach a $5,100 maximum by academic year 2002. The most recent statistics clearly indicate that the Pell Grant Program continues to serve very low-income students and families who will greatly benefit from increases to the appropriated maximum. The Department of Education's most recent student aid survey indicates that 54% of all Pell Grant recipients had incomes of less than $10,000 when applying for student aid.

The Committee continues the changes made to the award rules in the 1992 Amendments to ensure that all needy students receive awards proportional to their need, while also including tuition-sensitivity in Pell Grant awards. In addition, the Committee recognizes that a $750 allowance for childcare or disability related expenses is insufficient in today's economy for most students. The Committee doubles the allowance to provide additional assistance to students having these special expenses.

The Committee recognizes the importance of expanding Federal Pell grant eligibility to students who are continuing to make satisfactory progress in their education yet cannot complete their degrees within the time frame prescribed by current law. The 1992 Amendments also recognized this important issue by eliminating the requirement that a student will be eligible for Federal Pell grants for only 5 or 6 years, if in a 4 or 5 year program respectively. At that time, the Committee demanded close oversight of this particular issue to ensure that no misuse of Federal money was perpetrated by students who may deliberately extend their participation. To date, we have not seen any evidence of fraud with respect to this effort to assist part-time students and we continue the expansion adopted in 1992.

The Committee has taken an additional step toward improving the integrity of the Pell Grant Program by including a provision that has long been advocated by Representative Roukema (R-NJ). Currently, an institution of higher education which has cohort default rates in excess of 25% for three consecutive years loses its eligibility to participate in the student loan program. However, such an institution has been free to continue to participate in the Pell Grant Program. Under H.R. 6 that is no longer the situation. An institution that becomes ineligible to participate in the student loan program due to high default rates will also be ineligible to participate in the Pell Grant Program. This provision is prospective in nature and does not affect the eligibility of an institution deemed ineligible due to final default rate determinations that are prior to the 1996 fiscal year. In addition, no institution will be subject to this provision until it has had an opportunity to fully appeal any default rate determination made by the Secretary.

Subpart 2, Federal Early Outreach and Student Services Programs

In recognition of the Committee's belief that information, counseling, academic services, and early outreach activities are an integral part of the student assistance program aimed at achieving equal educational opportunity, the Committee has continued and strengthened the comprehensive approach to providing information and services currently found in Subpart 2.

The mainstay of providing counseling, academic support, early outreach and information services to economically disadvantaged students are the Federal Trio Programs and the National Early Intervention Scholarship and Partnership Program. To those programs the Committee has added the High Hopes for College Program which has been championed by Representative Fattah (D-PA) in order to promote early college awareness activities to students and parents who may not have access to information about college and financial aid.

Chapter 1—TRIO Programs

Since the initial authorization of the Higher Education Act in 1965, the importance of the programs authorized under what is now termed the TRIO Programs has become increasingly recognized. The TRIO Programs include Upward Bound, Talent Search, Student Support Services, Educational Opportunity Centers, and Ronald E. McNair Postbaccalaureate Achievement. Early intervention, access and retention services are an essential component of the Federal strategy to ensure equal educational opportunity.

The Committee believes that the design of the TRIO programs as it has evolved is sound. Widespread support of TRIO programs in communities across the nation, in the Congress and within the Administration confirm that belief. Accordingly, a number of the changes made in the TRIO programs designs in this bill are a logical extension from twenty-five years of program experience.

The increase of the authorization level to $800 million reflects the Committee's confidence in the strength of the TRIO design as well as the conviction that TRIO services must be expanded to enroll a larger percentage of the eligible population. The Committee notes that presently a very small percentage of eligible youth and adults are served.

Many of the changes reflected in H.R. 6 are designed to improve and streamline the operation of the TRIO programs. Minimum grant levels, by program, are clearly established in order to provide sufficient funding levels for programs to operate.

Grants are all established for four-year time periods. Sponsoring institutions or agencies are encouraged to coordinate all the TRIO programs operating at their particular institution or organization and one single director may have responsibility for administering more than one program regardless of the funding source.

H.R. 6 continues the requirement of evaluations of the TRIO programs. In addition, H.R. 6 modifies the purpose of the evaluations to specifically investigate the effectiveness of alternative and innovative methods within the TRIO Programs for increasing access to and retention of students in postsecondary education.

H.R. 6 expands the list of services which may be provided by Talent Search and intends to address areas with high drop out rates by allowing these projects to provide assistance to students who have dropped out of secondary school but who wish to return or enter programs designed for completing a general education development program. Listings of permissible services were included in this subpart for Student Support Services and Upward Bound in 1980. As with those programs, the Committee does not intend that by including a listing of permissible services for Educational Opportunity Centers and Talent Search, each individual project is required to provide all of the services. Such determinations can only be made by individuals with knowledge both of the difficulties experienced by disadvantaged students in a given institution or locality and of the locally funded resources available to such students.

The Committee has continued the purpose of Student Support Services Programs in H.R. 6. Student Support Services Programs are designed to increase college retention and graduation rates, to increase transfer rates and to foster a climate supportive of the success of low-income students, first-generation college students and students with disabilities. The Committee believes that achievement of each of these goals is necessary before the nation can realize its goal of assuring equal educational opportunity in postsecondary education and that Student Support Services Programs have a critical role to play in this regard.

The Committee believes that the success of Student Support Services Programs rests, in large part, upon the commitment of the sponsoring institutions to the success of students from low-income families, first-generation college students and students with disabilities.

H.R. 6 alters one assurance required from institutions applying for a Student Support Services Program grant. Currently, institutions must provide an assurance that they will offer sufficient financial assistance to meet a student's full financial need. The Committee is concerned about the possibility of overwhelming a student with too much loan debt as a means of meeting this assurance. The Committee also recognizes that in some cases loan debt is the only aid available due to the limited aid available at a particular institution. Therefore, the Committee has modified the requirement to emphasize the need to minimize a student's debt burden when fulfilling the requirement of offering financial assistance to meet full financial need.

Chapter 2—National Early Intervention Scholarship and Partnership Program

Chapter 2 of this subpart authorizes the National Early Intervention Scholarship and Partnership Program which is continued under H.R. 6. This program was first created in 1992 to encourage States to guarantee low-income students that, if they complete high school, they will receive the financial assistance needed to attend a higher education institution. In addition, the program is designed to provide counseling and mentoring services to students at an early age in order to prepare them for college. In fiscal year 1996–

97, nine states participated in the program. A total of $3.1 million in Federal grant money was overmatched by the participating states that contributed $4.4 million. During 1996–97, more than 44,000 students received early intervention services under this program. H.R. 6 continues the current authorization of $200,000,000 for fiscal year 1999 and such sums for the succeeding four years for this program.

Chapter 3—High Hopes for College

Representative Fattah (D-PA) offered an amendment that was adopted by the Committee to authorize the High Hopes for College Program. The purpose of High Hopes is to promote a strong early intervention initiative aimed at narrowing the gap in college enrollment between students from high and low income families. Recent statistics continue to reflect that a large gap exists in college enrollment based on financial circumstances. Evidence suggests that barriers to college education for low-income students appear to include low educational expectations and poor academic achievement. To combat these barriers, it is critical that academic services, mentoring, counseling and tutoring be provided to students.

The new High Hopes Program would provide an array of early intervention services to middle schools serving a high percentage of low-income students. The partnerships created under High Hopes must include a degree-granting institution of higher education, a middle school that has at least 50 percent of its students eligible for free or reduced price lunches, the high schools that these students will attend and at least two community organizations. Applicants who include tuition assistance or guarantees from non-Federal sources may be given a preference by the Secretary in awarding these grants. The High Hopes Program is authorized at $140 million for fiscal year 1999 and such sums for the succeeding five fiscal years.

Chapter 4—Frank Tejeda Scholarship Program

Representative Romero-Barcelo (D-PR) offered an amendment that was adopted by the Committee to authorize the Frank Tejeda Scholarship Program. The purpose of this new program is to recruit and train teachers who are proficient in both Spanish and English and who show academic promise. To receive a scholarship under this program a student must agree to teach in a public elementary or secondary school in which there is a demonstrated need for Spanish-speaking teachers and professionals for no less than one year for each year of scholarship assistance. This program is authorized at $5,000,000 for fiscal year 1999 and such sums for the four succeeding fiscal years.

Chapter 5—Campus-Based Child Care

Representative Roukema (R-NJ) offered an amendment that was adopted by the Committee to authorize a Campus-Based Child Care Program. This new program authorizes the Secretary to award grants to institutions of higher education to assist in providing campus-based child care services to low income students. With more and more students attending postsecondary education who are considered non-traditional students, the need for affordable child care on campus has become an important issue. The 1995-96 data collected by the Department of Education indicates that undergraduates were nearly evenly divided between those considered dependent versus independent. Independent students are those who are married, over the age of 24, a graduate or first professional student, a veteran or a student with legal dependents other than a spouse. As more people return to college for new training as demanded by the nation's economy, the numbers of independent students can expect to continue to increase.

Under the campus-based child care program, institutions wishing to receive a grant will have to demonstrate the need of low income students at the institution for child care services. Institutions will also have to identify resources which it can draw upon to support the child care program and demonstrate that any resources used for this purpose will not result in increases in student tuition. The Campus-Child Care Program is authorized at $30,000,000 for fiscal year 1999 and such sums for the four succeeding fiscal years.

The existing programs under Chapters 3 through 8 (Chapter 3—Presidential Access Scholarships; Chapter 4—Model Program Community Partnership and Counseling Grants; Chapter 5—Public Information; Chapter 6—National Student Savings Demonstration Program; Chapter 7—Preeligibility Form; and Chapter 8—Technical Assistance for Teachers and Counselors) are all unfunded programs which have been repealed in H.R. 6.

Subpart 3, Federal Supplemental Educational Opportunity Grants

The Committee believes that the Federal Supplemental Educational Opportunity Grant (Federal SEOG) program is of critical importance to students who demonstrate exceptional need for supplemental grant support in addition to the funds provided by the Federal Pell Grant Program. The 1986 amendments emphasized the interaction between these two grant programs by requiring that at least three-quarters of the recipients of Federal SEOG awards at a given institution of higher education also be recipients of Federal Pell Grants. The 1992 amendments dealing with student eligibility required institutions to make SEOG awards to students with exceptional need and to give priority to students receiving Pell Grants. Although the Committee heard testimony that the language of this provision was restricting institutions from awarding Federal SEOG funds to students with considerable need, the Committee continues to believe that the coupling of SEOG awards and Pell Grant awards is an important feature of this program and helps serve those who have the greatest financial need. As a result, no changes were made to this provision.

H.R. 6 requires that institutions of higher education shall make SEOG funds available to independent and part-time students. However, the Committee has deleted the overly restrictive requirement that required a strict proportion of funds to be allocated to these students. The Committee intends that while institutions are given discretion in allocating an equitable amount of funds for nontraditional students, this discretion should not result in a reduction of funds for these students. The Committee intends to closely follow this matter in order to ensure that nontraditional students continue to receive fair participation in the SEOG Program.

With respect to the formula for distributing campus-based aid, including SEOG funds, the Committee has made one significant change. The current formula distributes funds according to a two-part statutory formula. The first part, the "base guarantee" considers an institution's program expenditures in a previous year. The second part, based on institutional need for additional funding, allocates the amount remaining after the base guarantees are fully funded by providing one-fourth of the remaining funds to institutions on a pro rata basis (pro rata) and three-fourths to institutions based on the institutions need (fair share). Since 1986, an institution's base guarantee has been the principal determinant of its current-year allocation. Thus, today's allocation of campus-based funds largely reflects a 20-year-old distribution of program funds.

In recognition of the changing demographics on college campuses, the Committee has decided to modify the formula for distributing campus-based funds. At the same time, the Committee does not want to cause a disruption at campuses across the country that could occur if there are dramatic shifts in program funds between institutions. Therefore, the Committee decided to modify the formula by dropping the pro rata part and allowing all funds in excess of the base guarantee amounts to be distributed on a fair share basis. Such a change should allow institutions with increasing enrollments and populations of needy students to receive increases in campus-based funding.

H.R. 6 authorizes $675,000,000 for fiscal year 1999 and such sums for the succeeding four years for this program.

Subpart 4, State Student Incentive Grants

The Committee believes that the State Student Incentive Grant (SSIG) Program is a successful partnership between the Federal Government and states. However, with Republican and Democrat administrations proposing the elimination of the program, the Committee has decided to restructure the program in order to more effectively allow states to serve the needs of their students. H.R. 6 includes a new Special Leveraging Educational Assistance Partnership Program for those states that are willing to increase the current match required to obtain funds whenever appropriations exceed $25 million. States that apply for additional funds may use the funds to assist needy students by:

(i) increasing state grant aid;

(ii) carrying out transition programs from secondary to postsecondary education;

(iii) establishing financial aid programs for students entering the teaching field, computer-related fields, or any other field of study determined by the state to be critical to the state's workforce needs;

(iv) carrying out early intervention programs; and,

(v) awarding merit aid to needy students.

H.R. 6 authorizes $105,000,000 for fiscal year 1999 and such sums as necessary for the succeeding four fiscal years.

Subpart 5, Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork

Migrant students are one of the most severely educationally deprived populations in the United States. Therefore, the Committee believes that the Secretary, in administering the programs under Title IV, should take into consideration how such programs as Federal Pell Grants, student loans, Federal College Work-Study, and TRIO programs can meet the needs of migrant students.

H.R. 6 continues both the College Assistance Migrant Program (CAMP) and the High School Equivalency Program (HEP) and requires grant recipients to coordinate projects with other local, state and Federal programs in order to maximize the resources available for migrant students. In addition, H.R. 6 instructs the National Center for Education Statistics to collect postsecondary education data on migrant students. H.R. 6 authorizes $15,000,000 for fiscal year 1999 and such sums for the succeeding four years for the HEP program and $5,000,000 for fiscal year 1999 and such sums for the succeeding four years for the CAMP program.

Subpart 6, Robert C. Byrd Honors Scholarship Program

H.R. 6 extends the authorization for Byrd Honors Scholarship Program. Under this program, the Secretary makes grants to states to enable states to award scholarships to individuals who have demonstrated outstanding academic achievement and who show promise of continued academic achievement. This program is authorized to be appropriated at $40,000,000 for fiscal year 1999 and such sums for the succeeding four years for this program.

H.R. 6 repeals Subpart 8—Special Child Care Services for Disadvantaged College Students.

Part B, Federal Family Education Loans

In modifying the current Federal Family Education Loan (FFEL) Program, the Committee adopted recommendations from a wide range of program participants. The Committee's main goals in this reform effort were to resolve the pending crisis in the FFEL Program with respect to the new interest rate formula, improve service to students and institutions of higher education, and ensure the overall stability in the loan program. A bipartisan agreement to maintain a strong FFEL Program and a strong Direct Loan Program established the framework for the changes adopted by the Committee.

Interest Rates

Throughout the reauthorization process, one of the biggest challenges facing Members of the Committee has been attempting to reach a consensus on the optimal student loan interest rate for the Federal student loan programs. H.R. 6 establishes identical interest rates for loans in both the FFEL Program and the Direct Loan Program. These rates resulted from extensive discussions and negotiations over a period of many months. The Student Loan Reform Act of 1993 changed the index for establishing interest rates on these loans. Prior to the Student Loan Reform Act, interest rates had always been tied to 91-day Treasury bills. However, as part of the changes associated with the creation of the Federal Direct

Student Loan program, the index for establishing interest rates changed to one based on the 10-year Treasury bond. This rate change is scheduled to occur on July 1, 1998, and if not addressed will disrupt the Federal Family Education Loan Program (FFEL Program), which provides nearly 70 percent of this country's Federal student loans.

After working extensively with all parties involved—The United States Student Association (USSA), the United States Public Interest Research Group (US PIRG), the American Council on Education (ACE), the American Association of State Colleges and Universities (AASCU), the National Association of Independent Colleges and Universities (NAICU) and other members of the higher education and lending communities—it became clear to Committee Members that there was a consensus in three key areas. First, all parties agreed that tying the interest rate to a long-term instrument like the 10-Year Treasury bond would not work. Second, no one believed that the Direct Student Loan Program would be a viable alternative in the event that private loan capital became unavailable. Third, as the March 5, 1998, hearing before the Subcommittee on Postsecondary Education, Training and Life-Long Learning, showed the interest rates for lenders proposed by the Administration were too low to ensure widespread lender participation.

For example, Mr. Jon Veenis, President of Norwest Student Loan Center, testified that "our survey of the major FFEL lenders and the Ernst & Young analysis indicates that a train wreck will occur if the Gore proposal is enacted." In discussing the Administration proposal, Mr. Paul Carey, Executive Vice President of Marketing and Servicing for Sallie Mae, Inc., had this to say, "The student at Hopkins, Harvard, or Stanford may well get their loans . . . The students attending state schools, community colleges, or learning a trade will not." A recent report by the Congressional Budget Office (CBO) affirms this position, and shows that if the Administration's interest rates were implemented, only graduate and professional students at a few select colleges and universities would likely have access to private student loan capital.

The Committee is keenly aware of the burden being placed on our youth by student loan debt. Members are committed to ensuring that the interest rate on Federal student loans is kept as low as possible while maintaining fiscal discipline within the Federal budget. However, the Committee also recognizes that there is a point at which lenders will leave the program. That point is reached when their return on making these loans falls short of the return they couid make by investing elsewhere.

Under this legislation, students will receive historically low interest rates. For new loans made after July 1, 1998, the interest rates borrowers will pay during the in-school and grace periods will be the equivalent of the 91-Day Treasury bond rate + 1.7 percent. During the repayment period, borrower interest rates will be the equivalent of the 91-Day Treasury bond rate + 2.3 percent. Both will remain capped at 8.25 percent. In today's terms, this means interest rates for students will drop from the current rate of 8.25 percent down to 7.43 percent during the repayment period. This is the lowest interest rate on these loans in 17 years.

At the same time, the amount lenders are paid will be reduced by 30 basis points, to a rate equal to the 91-Day Treasury bond rate + 2.2 percent during the in-school and grace periods, and equal to the 91-Day Treasury bond rate + 2.8 percent during the repayment period. The Committee believes this solution will ensure uninterrupted access to private capital for our nation's students.

The higher education community is supportive of this proposal. The major student groups have described this proposal as "a realistic, fair, and even-handed compromise that protects students' need for lower borrower rates." The American Council on Education and 10 other major higher education groups representing over 3,600 colleges and universities has praised the fact that the proposal "ensures the continued availability of capital in the guaranteed student loan program."

Finally, the Committee notes that the best way to reduce the debt burden for students is for colleges and universities to keep their prices low. Over the past 15 years we have seen college prices increase at two-to-three times the rate of inflation. The Committee challenges every college president in the nation to reduce the price of an education at his or her institution because the Federal student aid programs will never be able to keep up with costs that continue to increase at such a pace.

Guaranty Agency Financing

The new guarantor-financing model included in the Committee bill reflects a reformed administrative and financing structure that will achieve several goals of the Committee. First, the model provides incentives for greater efficiencies on the part of guarantee agencies since certain funds will now be the property of each individual agency. This is a major contrast to current law that dictates that all funds held by a guaranty agency belong to the Federal Government and are subject to recall at any time by Congress, thereby eliminating any incentive for guaranty agencies to operate more efficiently and produce savings.

Second, the model increases the current risk sharing for defaults from 98% to 95% which will cause all agencies to use their best efforts to prevent defaults. This provision addresses an often-heard criticism of the FFEL Program that 98% risk was not sufficient to have any impact on the practices of guaranty agencies. Third, the model decreases funds retained on defaulted loans from 27% to 24%. This provision also addresses an often-heard criticism that guaranty agencies have an incentive to allow loans to default due to the high collection retention rate. The combination of increased risk and lower retention rates should result in improved default prevention activities and greater collection efforts in the event of default in order to offset the lost revenues from both of these provisions. These changes should silence the criticism of these two aspects of the FFEL Program.

H.R. 6 clearly defines the services for which guarantors are paid and delineates which sources of revenue belong to the Federal Government (the reserve funds) and which are earned by the guarantor for services rendered. Revenues that remain the property of the Federal Government are clearly protected under the Committee bill in order to ensure their proper use by guaranty agencies, as well as their proper investment. Guarantors will be able to invest the non-Federal funds in new technology, training, and service improvements for the benefit of students and institutions of higher education participating in the FFEL Program. In addition, guarantors will be able to use their funds for a variety of other financial aid activities, such as early awareness programs, state grant and scholarship programs, and other financial aid related programs and services which meet the state and local needs of students, families and institutions of higher education.

H.R. 6 also includes a new provision which allows the Secretary of Education and individual guaranty agencies (not to exceed six) to enter into voluntary agreements for participation in the FFEL Program. The Committee intends that this authority be used to test new and innovative methods for carrying out the types of activities currently required of guaranty agencies under the Higher Education Act in order to find more efficient and effective means of managing the FFEL Program.

Administrative and Programmatic Changes

Throughout H.R. 6, the Committee has modified provisions in order to encourage the use of modern technology. These changes range from the handling of routine inquiries to the processing of deferment requests. For example, the National Association of Student Financial Aid Administrators in their recommendations to Congress, suggested that borrowers be allowed to request forbearance electronically rather than in writing in order reduce the number of technical and actual delinquencies and defaults. The Committee strongly agrees with this recommendation and encourages the Secretary to allow the use of new technology wherever and whenever possible in order to promote efficiencies among all the participants in the loan programs. The Committee in no way intends to limit the type of communication technologies that may be used for these purposes as the possibilities expand during the course of this reauthorization.

H.R. 6 corrects an oversight of the 1992 Amendments with respect to borrowers attending school on a half-time basis. Prior to the 1992 Amendments, a student attending school on a half-time basis was required to borrow a student loan in order to be eligible for an in-school deferment. The 1992 Amendments changed this provision so that a student would be eligible for a deferment without borrowing another lo[illegible]. However, the change only applied prospectively leaving some students subject to the old requirement. H.R. 6 corrects this oversight and allows any student attending school on a half-time basis to be eligible for an in-school deferment.

In order to assist students in selecting repayment plans, H.R. 6 allows students to annually change their repayment plan in order to provide flexibility if their financial circumstances change from year to year.

H.R. 6 allows students to receive the benefit of a forbearance of payments on their student loans immediately upon request even though the necessary paperwork has not been filed. Lenders and students will have to collect the appropriate paperwork within sixty days in order to continue the forbearance. In addition, a lender must take into consideration a student's total debt burden when establishing a forbearance agreement.

H.R. 6 continues the current provisions of the Emergency Student Loan Consolidation Act and allows students with FFEL Program loans and/or Direct Loans to obtain a consolidation loan from either program. In order to afford students the greatest option possible, the requirement that a student must first try to obtain a consolidation loan from a lender holding one of his or her loans has been eliminated. Students are free to go to any lender of their choice. In addition, a student who obtains a student loan within 180 days of receiving a consolidation loan may add such loan to the consolidation loan that provides the student the benefit of having only one loan to manage. The Committee deferred action on setting interest rates for consolidation loans and is continuing to study the available options for establishing rates for the FFEL Program and the Direct Loan Program.

As a result of some confusion after passage of the Emergency Student Loan Consolidation Act, H.R. 6 also clarifies that a lender does not have to include Health Education Assistance Loans (HEAL) when making a consolidation loan. Not all lenders participate in the HEAL Program, and those that do not are not able to service HEAL loans in accordance with the rules and regulations of the Department of Health and Human Services. Also, some lenders require a minimum balance for processing a consolidation loan due to the fee they must pay the Federal Government with respect to consolidation loans. H.R. 6 clarifies that a lender is not prohibited from establishing a minimum balance requirement.

H.R. 6 allows loans to students to be disbursed in a single disbursement if the loan is for less than one semester, one trimester, one quarter or four months. Students and financial aid administrators have all requested that the Committee adopt this change. Requiring multiple disbursements for very short periods of time has proven to cause undue and unnecessary hardships on students and unnecessary administrative burdens on institutions.

The Committee has also adopted the recommendation of many institutions of higher education to allow an over award tolerance of $300 in the FFEL and Direct Loan Programs. The Committee believes this modest over award tolerance is low enough to prevent a student from incurring unreasonable excess debt, but high enough to avert costly administrative burdens for institutions. The $300 limit is comparable to the over award tolerance currently allowed in other title IV programs.

In an effort to promote deregulation and provide incentives to institutions that keep default rates low, the Committee has included a provision to waive the 30-day delayed disbursement rule for institutions having cohort default rates of less than 10% for three consecutive years. The Committee estimates that approximately 2,000 institutions will benefit from this deregulation initiative. However, any institution that fails to stay below the 10% in subsequent years will again be subject to the delayed disbursement requirement.

The Committee has continued the authority of the Secretary to undertake a program to encourage corporations and other private and public employers to assist borrowers in repaying their loans. The Committee encourages the Secretary to use this authority to implement new and positive ways to assist borrowers in managing their loan repayment.

Since the 1992 Amendments, great strides have been made in the area of program simplification. There is a single application known as the Free Application for Federal Student Aid (FAFSA), a single need analysis formula, standardized forms and processes implemented by guaranty agencies and many other improvements. The Committee commends all the parties for their efforts in promoting simplification and encourages the continuation of those projects. But, the Committee believes there is more to be done. Specifically, H.R. 6 requires the Secretary to use the FAFSA as the common form for both the FFEL and Direct Loan Programs, instead of only the Direct Loan Program. H.R. 6 also directs the Secretary, in cooperation with representatives involved in the financial aid programs, to develop a master promissory note that will allow for multiyear lines of credit bringing efficiencies and simplicity to the process of receiving student loans.

H.R. 6 continues the current cohort default rate provisions that result in the elimination of institutions from participation in the student loan programs if an institution's rates exceed 25% for three consecutive years. However, the Committee has made modifications to the appeal provisions available to institutions and to the exemption for Historically Black Colleges and Universities, Tribally Controlled Colleges and Universities and Navajo Community College.

In recognition of the fact that some institutions have high cohort default rates because they serve a student population at high risk of default, a safety net was enacted that permits the Secretary to exempt schools from the cohort default provision where exceptional mitigating circumstances make the application of the default triggers inequitable. This safety net, as defined by the Department of Education, has proven to be impossible to meet due to the narrowly defined circumstances under which an institution may qualify for an exemption.

H.R. 6 explicitly defines the criteria for demonstrating exceptional mitigating circumstances that the Secretary is to follow when rendering a decision with respect to an appeal under this provision. The exceptional mitigating circumstance appeal will continue to prove to be difficult for an institution to meet. They will have to serve a large number of low-income students, graduate a large percentage of their students, and place a large percentage of their students in jobs for which they have been trained. The Committee is aware of the difficulty of meeting such a standard. However, after carefully weighing the interest of students and the Federal Government, the Committee determined that the test reflected in H.R. 6 will be fair to those institutions that have a high success rate while serving a high-risk population.

In order to allow an institution to prepare a meaningful appeal, the Committee has revised the current provision dealing with access to loan servicing records. An institution needs adequate access to records in order to submit an appeal to the Secretary. Therefore, the Committee has included language that provides institutions with access to all relevant loan servicing records for both the FFEL and Direct Loan Programs. It is the Committee's intention that the Secretary exclude any loans which were not properly serviced and therefore ineligible for insurance as demonstrated by the evidence in considering appeals with respect to cohort default rates.

On July 1, 1998, the exemption from program elimination due to high default rates for Historically Black Colleges and Universities, Tribally Controlled Colleges and Universities and the Navajo Community College will expire. These institutions have been exempt from this provision since its enactment in 1988. The exemption was intended to recognize the particular challenges of enrolling high risk students at institutions having limited administrative resources. The Committee believes that it is time to remove this blanket exemption. However, the Committee does not wish to cause the precipitous closure of any institution. Therefore, H.R. 6 allows an institution that has relied on the current exemption for program eligibility purposes to remain eligible as long as the institution complies with the following requirements:

(i) provides an acceptable default management plan to the Secretary of Education that provides a reasonable assurance that the institution will, by July 1, 2001, have a cohort default rate that is less than 25%;

(ii) engages an independent third party to assist in implementing such a plan; and,

(iii) provides the Secretary with evidence of improvement in the institution's cohort default rate and successful implementation of the default management plan.

The Secretary may continue the eligibility of an institution under this provision if he is satisfied that the institution has complied and continues to comply with the default management plan and has made substantial improvement in its cohort default rate.

The Committee has included a special rule which reflects the regulation published by the Department of Education exempting institutions from the cohort default rate penalty if the institution has a participation rate index that is equal to or less than .0375 for any of the three most recent fiscal years. This provision was included in order to address the Committee's concern that schools not be eliminated if they have very few student loan borrowers compared to their overall enrollment.

H.R. 6 modifies slightly the definition of eligible lender for purposes of participation in the FFEL Program and deletes an obsolete provision that requires the filing and maintenance of a plan for doing business by certain participants in the program.

Part C, Federal Work-Study Program

The Committee strongly supports the Federal College Work-Study Program and applauds the administration for its efforts to increase the number of participants to over one million in the 1999–2000 academic year. In support of this target, the Committee has increased the authorization of appropriations for College Work-Study to $1,000,000,000 for fiscal year 1999 and such sums for the succeeding four years.

The Committee has made several changes to College Work-Study designed to better serve the needs of students and institutions of higher education. In addition, the Committee has included language from Chairman Goodling's Reading Excellence Act in order to encourage more work study students to perform literacy and tutoring activities in local elementary schools.

H.R. 6 expands the definition of community service to recognize that services designed to improve the quality of life for community residents may be performed on-campus or off-campus. Under current law, community service activities are required to be conducted off-campus, which restricts the number and type of services that can be offered by an institution of higher education. If an institution of higher education can offer a valuable service to the community on-campus, the Committee believes it should be allowed to do so.

The Committee has modified the campus-based formula for College Work-Study in the same fashion as was done for the SEOG Program. The current formula distributes funds according to a two-part statutory formula. The first part, the "base guarantee" considers an institution's program expenditures in a previous year. The second part, based on institutional need for additional funding, allocates the amount remaining after the base guarantees are fully funded by providing one-fourth of the remaining funds to institutions on a pro rata basis (pro rata) and three-fourths to institutions based on the institutions need (fair share). Since 1986, an institution's base guarantee has been the principal determinant of its current-year allocation. Thus, today's allocation of campus-based funds largely reflects a 20-year old distribution of program funds.

In recognition of the changing demographics on college campuses, the Committee has decided to modify the formula for distributing campus-based funds. At the same time, the Committee does not want to cause a disruption at campuses across the country that could occur if there are dramatic shifts in program funds between institutions. Therefore, the Committee decided to modify the formula by dropping the pro rata part and allowing all funds in excess of the base guarantee amounts to be distributed on a fair share basis. Such a change should allow institutions with increasing enrollments and populations of needy students to receive increases in campus-based funding.

H.R. 6 intends to expand the tutoring and literacy activities performed via the College Work Study Program by requiring institutions to use at least 2% of the total funds received under the program for these activities. Of the $830 million appropriated for College Work-Study in fiscal year 1998, $16 million would be allotted for these activities under H.R. 6. The provision included in H.R. 6 was taken from Chairman Goodling's Reading Excellence Act that passed the House of Representatives on November 9, 1997. Work-study students will be able to participate as reading tutors for children in preschool through elementary school or work in family literacy projects under this provision. Because these jobs are not always convenient to campus, the Committee has modified the existing work-study reimbursement provision to allow students to be compensated for time spent in both training and travel that is directly related to the tutoring and family literacy activities.

H.R. 6 requires that institutions of higher education make Work-Study funds available to independent and part-time students. However, the Committee has deleted the overly restrictive requirement included in the 1992 amendments that required a strict proportion of funds to be allocated to these students. The Committee intends that while institutions are given discretion in allocating an equitable amount of funds for nontraditional students, this discretion should not result in a reduction of funds for these students. The Committee intends to closely follow this matter in order to ensure that nontraditional students continue to receive fair participation in the Work-Study Program.

H.R. 6 continues the language included in the 1992 amendments to allow institutions to carry back appropriations from current year funds to pay for previous year commitments. This is to correct a problem presented to the Committee by institutions of higher education. Many students begin summer work-study prior to July 1, the beginning of the fiscal year, but after the academic year ends in May or June. They, therefore, earn funds during one fiscal year which are not payable until the succeeding fiscal year. As a result, institutions currently incur enormous accounting and tracking problems. In addition, H.R. 6 allows institutions to credit a student's account or make direct deposits to a student's bank account with the student's permission. Since we have entered the era of electronic banking, it no longer makes sense to require each institution to cut checks in order to pay work-study earnings.

H.R. 6 increases the allotment of funds that may be used for the Job Location and Development Program from $50,000 to $60,000 and expands the type of jobs that may be located or developed to include cooperative education jobs. If funds are used for developing cooperative education jobs, the institution must notify the Secretary and provide assurances that the funds used under this paragraph will supplement and not supplant other available cooperative education funds and the cooperative education job will be related to a student's academic program.

The Committee continues the authorization for Work Colleges and authorizes appropriations of $5,000,000 for 1999 and such sums for the four succeeding fiscal years.

Part D, Federal direct loans

Part D of Title IV of H.R. 6 continues the Federal Direct Loan Program and the Committee assumes it will coexist with the Federal Family Education Loan Program. All references to the phase-in of the program and transition to the Direct Loan Program have been deleted. Institutions that wish to participate in the program are free to apply as long as they meet the eligibility criteria.

H.R. 6 establishes identical interest rates for Federal Direct Loans as compared to loans made under the Federal Family Education Loan Program. This resulted from extensive discussions and negotiations with respect to interest rates with all participants in the student loan programs. Throughout the reauthorization process, one of the biggest challenges facing Members of the Committee has been addressing the interest rate offered in the Federal student loan programs. The Student Loan Reform Act of 1993 changed the index for establishing interest rates on these loans. Prior to the Student Loan Reform Act, interest rates had always been tied to 91-day Treasury bills. However, as part of the changes associated with the creation of the Federal Direct Student Loan Program, the index for establishing interest rates changed to one based on the

10-year Treasury bond. This rate change is scheduled to occur on July 1, 1998, and if not addressed will disrupt the Federal Family Education Loan program (FFEL), which provides nearly 70 percent of this country's Federal student loans.

After working extensively with all parties involved—The United States Student Association (USSA), the United States Public Interest Research Group (US PIRG), the American Council on Education (ACE), the American Association of State Colleges and Universities (AASCU), the National Association of Independent Colleges and Universities (NAICU) and other members of the higher education and lending communities—it became clear to Committee Members that there was a consensus in three key areas. First, all parties agreed that tying the interest rate to a long-term instrument like the 10–Year Treasury bond would not work. Second, no one believed that the Direct Student Loan Program would be a viable alternative in the event that private loan capital became unavailable. Third, as the March 5, 1998, hearing before the Subcommittee on Postsecondary Education, Training and Life-Long Learning showed, the interest rates for lenders proposed by the Administration were too low to ensure widespread lender participation. A recent report by the Congressional Budget Office (CBO) affirms that position, and shows that if the Administration's interest rates were implemented, only graduate and professional students at a few select colleges and universities would be likely to have access to private student loan capital.

The Committee is keenly aware of the burden being placed on our youth by student loan debt. Members are committed to ensuring that the interest rate on Federal student loans is kept as low as possible. However, the Committee also recognizes that there is a point at which lenders will leave the program. That point is reached when their return on making these loans falls short of the return they could make by investing elsewhere.

Under H.R. 6, students will receive historically low interest rates. For new loans made after July 1, 1998, the interest rates borrowers will pay during the in-school and grace periods will be the equivalent of the 91-Day Treasury bond rate + 1.7 percent. During the repayment period, borrower interest rates will be the equivalent of the 91-Day Treasury bond rate + 2.3 percent. Both will remain capped at 8.25 percent. In today's terms, this means interest rates for students will drop from the current rate of 8.25 percent down to 7.43 percent during the repayment period. This is the lowest interest rate on these loans in 17 years.

At the same time, the amount lenders are paid will be reduced by 30 basis points, to a rate equal to the 91-Day Treasury bond rate + 2.2 percent during the in-school and grace periods, and equal to the 91-Day Treasury bond rate + 2.8 percent during the repayment period. The Committee believes this solution will ensure uninterrupted access to private capital for our nation's students.

The higher education community is supportive of this proposal. The major student groups have described this proposal as "a realistic, fair, and even-handed compromise that protects students' need for lower borrower rates". The American Council on Education and 10 other major higher education groups representing over 3,600 colleges and universities have praised the fact that the proposal "ensures the continued availability of capital in the guaranteed student loan program".

Finally, the Committee notes that the best way to reduce the debt burden for students is for colleges and universities to keep their prices low. Over the past 15 years we have seen college prices increase at two-to-three times the rate of inflation. The Committee challenges every college president in the nation to reduce the price of an education at his or her institution.

H.R. 6 also provides the Secretary of Education with the ability to offer repayment incentives to borrowers to encourage on-time repayment. Currently, many lenders in the Federal Family Education Loan Program offer discounts to borrowers who repay their loans on time and the Committee has extended the same opportunity to direct loan borrowers. In order to exercise this authority, the Secretary will have to ensure that such a program can operate on a cost neutral basis and not increase costs to the taxpayer.

Section 458 of Part D has been modified to reflect the new payment structure adopted in H.R. 6 with respect to payments made to guaranty agencies. Under the revised structure, the Committee determined that slight increases in the yearly funding levels under 458 were necessary in order to allow the Direct Loan Program and the Federal Family Education Loan Program to both operate at their current levels.

H.R. 6 gives the Secretary of Education, in consultation with the Secretary of the Treasury, the authority to sell loans if it is determined to be in the best interest of the Federal Government. The Secretary may use funds from any such sales to offer repayment incentives to direct loan borrowers.

Loan Forgiveness for Teachers for Part B and Part D Loans

The Committee adopted an amendment offered by Representative Graham (R-SC) and Representative Kildee (D-MI) which created a loan forgiveness program for teachers in both the FFEL and Direct Loan Programs.

The Committee authorized this new program in order to address concerns about the quality of teachers in low-income schools and the ability of such schools to retain good teachers. A new borrower who takes out a loan may be eligible for loan forgiveness if he or she teaches in a public or other non-profit private elementary or secondary school which is in a school district eligible for assistance pursuant to Title I of the Elementary and Secondary Education Act and which has been determined to be a school in which the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act exceeds 30 percent of the total enrollment of the school. To be eligible for loan forgiveness, a borrower must teach for two complete academic years and upon concluding the third academic year, he or she would be eligible for 30% loan forgiveness, 30% upon concluding the fourth year and 40% upon concluding the fifth year of teaching.

Only loans borrowed for the final two academic years of a four-year program, or three in the case of a program of instruction normally requiring five years, are eligible for loan forgiveness. In addition, secondary school teachers must have majored in the subject area in which they are teaching to be eligible for loan forgiveness.

An elementary school teacher must demonstrate, in accordance with state teacher certification or licensing requirements, subject matter knowledge and teaching skills in reading, writing, mathematics and other subjects taught in elementary schools in order to be eligible for loan forgiveness.

By creating this new loan forgiveness program, the Committee hopes that more students will enter the field of teaching and teach in areas where there is a shortage of highly qualified teachers. In addition, by requiring teachers to complete three years of teaching before a portion of their loan is forgiven, the Committee hopes more teachers will stay in the teaching profession.

Part E, Federal Perkins Loans

The Committee has modified the campus-based formula in a way identical to its treatment of the other campus-based programs (SEOG and College Work-Study). The current formula distributes funds according to a two-part statutory formula. The first part, the "base guarantee" considers an institution's program expenditures in a previous year. The second part, based on institutional need for additional funding, allocates the amount remaining after the base guarantees are fully funded by providing one-fourth of the remaining funds to institutions on a pro rata basis (pro rata) and three-fourths to institutions based on the institutions need (fair share). Since 1986, an institution's base guarantee has been the principal determinant of its current-year allocation. Thus, today's allocation of campus-based funds largely reflects a 20-year-old distribution of program funds.

In recognition of the changing demographics on college campuses, the Committee has decided to modify the formula for distributing campus-based funds. At the same time, the Committee does not want to cause a disruption at campuses across the country that could occur if there are dramatic shifts in program funds between institutions. Therefore, the Committee decided to modify the formula by dropping the pro rata part and allowing all funds in excess of the base guarantee amounts to be distributed on a fair share basis. Such a change should allow institutions with increasing enrollments and populations of needy students to receive increases in campus-based funding.

In addition to the formula change, the Committee has made numerous changes designed to reduce the administrative burdens associated with the Perkins Loan Program in order to assist institutions and students. Institutions participating in the Perkins Loan Program that have default rates of less than 20 percent and fewer than 100 students who borrow in an academic year will no longer be required to submit default management plans. The Committee believes that this de minimis standard will allow institutions with few Perkins Loans to avoid a prescriptive management plan while it employs its own innovative efforts to reduce defaults. Institutions will be allowed to extend new deferment and loan cancellation options to new and old borrowers in order to ease the administrative burden associated with deferment and cancellation processing.

H.R. 6 also requires that institutions of higher education shall make Perkins funds available to independent and part-time students. However, the Committee has deleted the overly restrictive requirement included in the 1992 amendments that required a strict proportion of funds to be allocated to these students. The Committee intends that while institutions are given discretion in allocating an equitable amount of funds for nontraditional students, this discretion should not result in a reduction of funds for these students. The Committee intends to closely follow this matter in order to ensure that nontraditional students continue to receive fair participation in the Perkins Loan Program.

In order to assist students in the repayment of their loans, the Committee has more broadly defined the term "satisfactory arrangements to resume payment" in order to assist borrowers who are making a good faith effort to repay their loans. The Committee also requires institutions to notify credit bureaus whenever a borrower makes twelve consecutive monthly payments on his or her defaulted Perkins Loan in order to reflect the good faith effort to repay.

In H.R. 6, the Committee has shown its support of programs designed to encourage good repayment behavior on the part of student borrowers by allowing lenders in the Federal Family Education Loan Program and the Secretary in the Federal Direct Loan Program to offer repayment incentives to borrowers with good repayment histories. Therefore, the Committee has extended this authority to institutions participating in the Perkins Loan Program as long as it does not increase the net cost of the Perkins Loan Program to the Federal Government.

The Committee has also included a loan rehabilitation provision that allows borrowers to regain eligibility for student aid after making twelve consecutive on-time payments on a loan that is in default status. Both the incentive program and the rehabilitation program are designed to encourage borrowers to repay their loans on a timely basis.

In order to assist students who attended an institution that closed while they were enrolled, the Committee has extended the current discharge provisions available to borrowers under parts B and D to the Perkins Loan Program. If a student attends an institution that closes while the student is enrolled, he or she is entitled to a discharge of any amounts which should have been refunded by the institution and the Secretary will pursue the institution for restitution.

H.R. 6 makes two small changes to the existing cancellation provisions by including two new eligibility categories with respect to loan cancellation. A student who is a member of the Commissioned Corps of the Public Health Service of the United States and a student who is a non-physician mental health professional working in a shortage area designated under the Public Health Service Act will be eligible for loan cancellation.

H.R. 6 requires the Secretary of Education to return all funds collected by the Department to the Treasury and makes other necessary and technical changes to the Perkins Loan Program.

Part F, need analysis

Single need analysis

H.R. 6 continues the single need analysis formula included in the 1992 Amendments and makes technical changes designed to improve the formula for students and families. The Committee believes that the current single need analysis system has greatly simplified the student aid process and that only minor adjustments are required to make it more equitable and justifiable for students and their parents.

Cost of attendance

H.R. 6 recognizes that computers are more often essential rather than optional for students pursuing a postsecondary education and that the costs associated with computers has become increasingly more reasonable during the last few years. Therefore, the Committee decided to include an allowance for the rental or purchase of a personal computer when determining a student's cost of attendance.

Expected family contribution for dependent students

H.R. 6 combines parent and student assets and treats them as family assets for purposes of determining the family contribution from assets. This is a significant change from current law. Currently, parental assets are calculated and assessed at a rate of twelve percent for inclusion in determining the contribution from assets. On the other hand, a student's assets are assessed at a rate of 35% when determining a student's contribution from his or her assets. This high rate of assessment has caused many to question the prudence of working and saving for college since a student will be eligible for less aid if he or she works and saves. The Committee believes that students should be encouraged to work and save for college. The Congress has already moved in that direction by enacting the Taxpayer Relief Act of 1997 which provides tax credits and deductions, and promotes increased savings options for certain higher education expenses. The combining of student and parent assets and using the twelve percent assessment rate continues this effort to encourage savings by protecting the student who has been prudent and saved for college.

Dependent student contribution

The current need analysis fails to recognize that some dependent students contribute directly to the support of their families. The Committee has attempted to address this inequity by offsetting a dependent student's income by the amount of the negative adjusted parental available income. When the parent's income is not sufficient to meet standard living expenses and the formula yields a negative available income, the formula will allow the offsetting of the student's income by the negative amount. In addition, H.R. 6 increases the earnings a dependent student is allowed to exclude from the need analysis calculation from $1,750 to $3,000. Again, the Committee wants to encourage students to work and save for college and the increased income protection allowance is designed to eliminate the disincentives to work currently included in the need analysis formula.

Independent students

The Committee also attempted to correct current inequities in the treatment of independent students under Part F. H.R. 6 attempts to make postsecondary education more accessible for nontraditional students, many of whom are independent students by increasing the income protection allowance for certain categories of independent students. Under the current need analysis formula, single independent students and married students where both are enrolled have an income protection allowance of $3,000. Married students where one is enrolled receive an income protection allowance of $6,000. Similar to the dependent students described above, the Committee wants to encourage students to work and save for college without fear of being penalized in the need analysis calculation. Therefore, the Committee has provided for increased income protection allowances for these groups of students equal to $5,500 and $8,500 respectively.

Miscellaneous

An additional change with respect to income protection allowances included in H.R. 6 which the Committee believes important is the authority of the Secretary to adjust the stated amounts on a yearly basis pursuant to the Consumer Price Index. Income protection allowances for the parents of dependent students are adjusted each year, while income protection allowances for a dependent student with earnings and independent students remain constant. The Committee believes that Consumer Price Index adjustments are appropriate for all students and parents.

Numerous witnesses testified before the Committee that students from families with proven need were being discouraged from participation in postsecondary education because of complicated forms that were not relevant to their situation. The Committee believes that very low-income families should have their eligibility for financial assistance determined with the least amount of bureaucratic red tape as possible. For this reason, the Committee has decided to keep in place the special procedures for determining a zero expected family contribution for the purposes of determining Federal student financial assistance eligibility and the simplified needs test.

Further, it is the Committee's intent to provide financial aid administrators with the authority to modify standard procedures when unusual circumstances exist. Although the Committee is confident that the system of need analysis prescribed under this title is appropriate for the majority of aid applicants, it remains our desire to permit necessary adjustments for students whose situations are not typical or for those students with special conditions. However, the Committee does not believe that the application process or the need analysis should be burdened with the detail necessary to identify and specify the appropriate treatment for every conceivable special circumstance. Adjustments for families in these circumstances are better made on an individual basis by the financial aid administrator on campus, using all available information about the family.

The Committee does want to mention some examples of special circumstances that have been brought to the Committee's attention. These include tuition expenses at a private elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care expenses, recent unemployment of a family member or other changes in income or assets or a student's status. However, these examples are not intended to limit in any way either the types of adjustments that may be made or the circumstances under which adjustments may be made.

The Committee heard from many college administrators who wish to be able to refuse to certify loans for certain classes or categories of students. On the other hand, many students strongly opposed such a blanket policy with respect to loan eligibility. After lengthy discussions, the Committee did not agree with the policy of giving institutions blanket authority to deny or limit loans to certain groups of students. However, the Committee does believe that circumstances exist where financial aid administrators should have the authority on a case by case basis to deny or limit loan eligibility to particular students. Despite the existence of similar authority in current law, many student financial aid administrators appear to feel that any changes they might make to a loan certification will be subject to adverse findings by program reviewers.

The intent of the revisions in Section 479A is to clarify that financial aid administrators have the authority to limit borrowing with respect to individual students as long as the reason for the limitation is documented and provided in written form to the student affected by the decision and the student is afforded an opportunity to appeal such a decision. The Committee expects that institutions will not use this authority unless such limitations are in the best interest of students, and that any limitation will not result in the inability of a potential student to attend an institution of higher education.

Definitions

H.R. 6 also makes one definitional change with respect to the treatment of veterans benefits. In order to provide greater support to service members who are transitioning to civilian life, the Committee decided to change the treatment of veterans benefits provided under the Montgomery G.I. Bill. These particular benefits will now be treated identical to benefits received under the National and Community Service Act and will no longer be treated as estimated financial assistance for purposes of the need analysis formula.

Part G, general provisions

In amending this Part of the Higher Education Act, the Committee intends to simplify participation in the Federal financial aid programs for students and institutions, while at the same time preserving the integrity of the Federal student assistance programs and to prevent fraud and abuse in the programs.

Master Calendar

In its review of the Higher Education Act, the Committee continues the master calendar limitations on the effective date of regulations issued by the Secretary. The Committee continues to believe that the effective dates of all regulations on Title IV should be driven by the Master Calendar requirements in Section 482. H.R. 6 also adds to the list of activities governed by the master calendar a requirement that the Secretary notify eligible institutions, guaranty agencies, lenders, and other interested parties of the minimal hardware and software requirements necessary to administer the Title IV programs by December 1st prior to the start of the award year. As we modernize our Federal financial aid systems, and as institutions take advantage of the latest technologies to improve their operations, it is essential that institutions have adequate notice of the technological requirements of participation. It is the intent of the Committee that the Secretary provide that information in a timely manner. A provision added by Rep. Barrett (R–NE) extends that requirement to include interested software providers on the list of entities that are to receive these specifications by the December 1st deadline. In order to ensure that financial aid administrators and others have the necessary administrative knowledge for participation in the Title IV programs, the Secretary is further directed to conduct training activities in a timely manner, prior to the start of the award year.

H.R. 6 also extends the amount of time that the public has to comment on regulations proposed by the Secretary from 30 days to a minimum of 60 days. Throughout the hearing process, the Committee repeatedly heard from the public that they did not have enough time to thoroughly read proposed regulations and provide sound comment. This situation has worsened, as the Department has released several proposed regulations simultaneously in order to meet the deadlines for implementation imposed by the master calendar. It is the intent of the Committee that the public has adequate time to analyze and comment on any regulation proposed by the Secretary. The Committee further expects the Secretary to fully take into account those comments prior to issuing final regulations under Title IV.

Forms and regulations

One of the major goals of the Committee during this reauthorization is to simplify the process for applying for Federal aid for students and their parents. In testimony presented to the Committee, students informed us that the complexity of the forms caused confusion, and in some cases deterred students from applying for financial aid. As a result, the Committee made changes to the need analysis in Part F and the application form in Part G.

As part of the Committee's paperwork simplification initiative, H.R. 6 extends the use of a single form to the application for student loans under Part B. Currently, the Free Federal form can be used to apply for Title IV grant aid, Title IV Work Study aid, and student loan aid, but only if the student intends to borrow under the Federal Direct Student Loan program. Students borrowing under the Federal Family Education Loan program are still required to take the unnecessary step of filling out a separate second application in order to apply for their student loans. It is the intent of the Committee in approving these provisions to simplify the financial aid process for students and families by allowing them to apply for all of their Federal financial aid at one time on one form.

In addition, H.R. 6 directs the Secretary to develop an electronic version of the Free Application for Federal Student Aid (FAFSA) within 120 days of enactment of this legislation. It is the intent of the Committee that in so doing, the Secretary should consult with lenders, State guarantee agencies, State grant agencies, representatives of the higher education community, and other relevant participants in the Federal student financial assistance programs. It is the hope of the Committee that the use of a common electronic form will further simplify the process for the students who choose to use it, and reduce the amount of time necessary to process Federal financial aid awards. In designing the electronic version of the FAFSA, the Committee expects the Secretary to take necessary steps to ensure that adequate safeguards are in place to protect the integrity and confidentiality of the data collected.

H.R. 6 continues the requirement that students apply for Federal student financial assistance on a Federal form that will be free of charge to the student, whether the data is collected by paper form or electronically. The Committee intends that the Secretary maintain a single Federal financial aid form for all students applying for Federal aid. The Committee further intends students to know that they are receiving Federal aid, understand which data elements are required of them by the Federal Government, and be aware that there is no charge whatsoever in applying for aid using the Federal form.

In our efforts to build upon previous simplification efforts, H.R. 6 continues the use of the simplified application process for students from families with low incomes. The Committee encourages the Secretary to require these families to answer only demographic questions, a question on their income and then be able to bypass the remainder of the application.

H.R. 6 also continues the use of a streamlined application process for Federal financial aid recipients who are reapplying for Federal aid. The Committee believes that students should only have to update information from their previous year's application that has changed. This is consistent with the Committee's efforts to continue practices that are working to simplify the current application process for students and their families.

Student eligibility

H.R. 6 makes changes to the Federal student financial aid form in an effort to reduce fraud in the program. Specifically, this legislation will allow the Secretary to better verify parental income data supplied by dependent students.

The Committee also included a provision that Representative Solomon (R–NY) has long championed that denies Federal aid to persons convicted of drug-related offenses. A similar provision was also included in the Taxpayer Relief Act of 1997. The amendment offered to H.R. 6 by Representative Souder (R–IN) and accepted by the Committee provides that a student loses eligibility for one year for the first conviction on a possession offense, two years for the second conviction and indefinitely for the third conviction. Further, a student would lose eligibility for Title IV funds for two years for his or her first conviction for the sale of a controlled substance and indefinitely for the second conviction. The Committee intends that a student whose eligibility has been suspended would resume eligibility prior to the designated time if the student satisfactorily completes a drug rehabilitation program that complies with criteria prescribed by the Secretary.

Information for students

The Committee is aware that information on private or State sources of funding for students may be difficult to obtain. To ensure that this information is readily available to students and parents, H.R. 6 directs the Secretary to compile information on State prepaid tuition programs, and to update the Department's internet site to include direct links to databases containing information on public and private financial aid programs. The Committee intends that students and parents have access to the most complete information available regarding student financial assistance. However, the Committee expects the Secretary to take necessary safeguards to ensure that links are not provided to sources of fraudulent information, and that any site to which links are provided will be free of charge to the student.

Campus crime provisions

Over the years since the initial passage of the Crime Awareness and Campus Security Act of 1990, the Committee has been encouraged to make several changes to this law to increase its effectiveness in providing students with important information on campus crimes. The Committee has made several changes to current law to reflect the recommendations of students, institutions of higher education, campus officials and security personnel, and others interested in protecting students and reducing campus crime.

The Committee would, however, like to point out that our primary concern is insuring that participating schools comply with current law. We have been disappointed over the past few years at the growing number of reports about schools circumventing current law or failing to provide accurate information to students and faculty and others to whom such information is required to be made available. We again encourage the Department of Education to enforce the provisions of current law and to penalize those schools that are not in compliance.

Several of the changes to current law focus on providing students with a more accurate picture of the criminal activity that takes place on their respective campus.

The first of these changes is to increase the number of crimes for which statistics are to be reported. When the Crime Awareness and Campus Security Act was enacted on November 8, 1990, it was the intent of Congress to focus on those crimes most likely to involve violence or which had the potential to result in injury to students or faculty. In response to concerns about the lack of available information on the crimes of manslaughter, larceny and arson, the Committee has added these to the list of crimes for which statistics are to be reported.

The second change made by the Committee was to require the reporting of statistics for those crimes handled through the campus disciplinary system. While the Committee understands the sensitive nature of some of these crimes, we believe it will not jeopardize the confidential nature of these proceedings to require the reporting of statistics. If students are to take steps to protect themselves from becoming the victims of crimes on campus, they must have access to accurate information on the extent to which certain crimes take place on their campus.

Similarly, the Committee has expanded the number of individuals who must report statistics on campus crime. Current law requires the reporting of criminal offenses reported to campus security authorities or local police agencies. The Committee bill expands this list to include campus security authorities, campus officials who have direct administrative responsibility for student or campus activities, disciplinary officers and other officials responsible for resolving disciplinary matters, athletic department officials, or local police agencies. Because of the confidential nature of conversations between counselors and individuals seeking their assistance, the Committee does not require such individuals to report.

The Committee has also modified the reporting requirements for alcohol, drug and weapons violations. Currently schools only report on the number of arrests for such violations. However, it has come to our attention that the majority of such violations do not result in actual arrests but are referred, instead, to the campus disciplinary system for disposition. Because of the correlation between violent crimes on campus and the consumption of drugs and alcohol, the Committee believes it is important to receive accurate information on the extent to which drugs and alcohol are a problem on campus.

One of the key changes to current law is to require each institution maintaining either a police or security department of any kind to make, keep and maintain a daily log recording all crimes. This log is to be open to public inspection during normal business hours within two business days of the initial report. The log is to include information on all crimes reported to such police or security department, including the nature, date, time, and general location of each crime and the disposition of the complaint, if known. It is the intent of the Committee that students and others interested in obtaining current information on campus crimes be able to access such information from daily logs. The Committee does not, however, intend information protected by law to be released and has included language to prevent the disclosure of such information.

The final change made to current law by the Committee is to require all schools to provide campus crime statistics to the Secretary on a yearly basis. The intent of this provision is two-fold. First, it will allow the Department of Education to determine more clearly which schools are not in compliance with the reporting requirements of this law. It is not, however, the intent of the Committee to impose an additional paperwork burden on schools. Rather, the Committee expects schools to forward to the Department the same information it provides to students and faculty in printed form.

The second reason for this provision was the failure of the Department to gather the information necessary to report to Congress by September 1, 1995 on campus crime. Although current law did not require the Department of Education to gather statistics on a yearly basis, the Committee did expect the Department to collect such data at reasonable intervals in order to meet the deadline for the report. As a result of the Department's failure to gather this information, they did not report to Congress until January 1997. This report was based on a sample of schools rather than all schools covered by law and, therefore, did not provide an accurate picture of crimes on campus. The Committee believes the statistics reported by schools will allow us to determine if there are any trends in campus crimes and to ascertain which schools are successful in reducing the incidence of crimes on campus. As such, the Committee believes it is important to insure that the Secretary collects such data on an annual basis. The Committee bill also requires the Secretary to make copies of such statistics available to the public.

It is the belief of the Committee that these changes to current law will provide students, faculty and the public with a better picture of crimes on college campuses. The Committee would encourage students and others to use such information to make important decisions regarding their safety on campus.

Information on college athletic programs

The Committee notes that college athletic programs increasingly fuel public awareness of higher education. Many athletics programs are major financial enterprises, yet the Committee notes that little public information exists on the financial impact these programs have on the overall financial operation of their host institutions. H.R. 6 clarifies the information which schools must provide on their athletic programs.

In addition, H.R. 6 requires that institutions notify students and prospective students of any likely reductions in the number of athletes that will be allowed to participate in their programs, or likely reductions in the resources devoted to a sports program. The Committee does not intend this provision to intrude on the governance of institutions of higher education, but to provide information that will assist the public in making informed decisions about attending particular institutions.

National student loan data system

In an effort to improve the usefulness of the National Student Loan Data System (NSLDS) to students and parents, H.R. 6 requires the Secretary to modify NSLDS to permit borrowers to use the system to identify the current holders and servicers of the borrower's student loans. The Committee directs the Secretary to make these changes within one year of enactment of H.R. 6.

Quality assurance and regulatory simplification

The Committee recognizes the continued success of the Institutional Quality Control Pilot Project which has been authorized since 1985. The Committee is supportive of efforts to reduce the regulatory burden placed on schools, and believes the project has proven to be a good method of focusing institutional resources on areas most in need of improvement, which encourages better management of student aid programs and reduced student aid processing errors.

However, the Committee is concerned with past attempts by the Secretary to waive certain statutory provisions within the experimental sites program without the statutory authority to do so, and to approve participation more as a favor to certain schools than as a useful or valuable experiment. H.R. 6 therefore clarifies the Committee's intent that the Secretary may only waive regulations issued under Parts A, B, C, D, E, and G, and may not waive a statutory requirement.

Distance education demonstration programs

The bill creates a new section 487B that authorizes the Secretary to permit distance education demonstration programs. Distance education is emerging as an increasingly important component of higher education. The types and numbers of institutions offering distance education courses and programs are dramatically expanding, and the methods of delivering distance education are rapidly evolving. Distance education holds the promise of expanding access to higher education at a time when the number of postsecondary students will be expanding, including those seeking retraining and those in rural communities without access to local colleges and universities. Distance education may also help institutions to control costs by more efficiently using their educational ability to offer distance education programs and courses. There are provisions in the HEA designed to control fraud and abuse in distance education programs, and the Committee believes that these programs and courses must be carefully monitored to protect against such occurrences.

Accordingly, the bill authorizes the Secretary to exempt carefully selected institutions from provisions in the Act which inhibit their ability to offer distance education effectively. In these controlled circumstances, the potential of distance education can be tested without unduly increasing the risk of fraud and abuse. The Committee wishes to emphasize that, in selecting institutions to participate, the Secretary should accept a broad range of institutions reflecting the diversity in higher education. In order to help ensure that only quality institutions and programs participate, institutions must be reviewed and accredited by, or have achieved pre-accreditation candidacy or equivalent status from an agency whose recognition includes assessment of distance education programs and courses as a precondition for participation.

Garnishment requirements/administrative subpoena authority

One of the most important issues confronted by the Committee during every reauthorization of the Higher Education Act is ensuring the integrity of the Federal loan and grant programs. In order to improve our efforts to collect on defaulted loans, H.R. 6 contains a provision increasing the percentage of a borrower's wages that can be garnished to 15 percent. In addition, H.R. 6 gives the Secretary the authority to issue administrative subpoenas. In granting this authority, the Committee intends to give the Secretary another tool to use in investigating fraud and abuse of the programs under this Title.

Advisory committee on student financial assistance

The Committee notes that the existence of an independent Advisory Committee on Student Financial Assistance has been of great value in assisting in the evaluation of policies regarding student financial assistance and the administration of our Federal student financial aid programs. In this regard, the Advisory Committee has served both Congress and the Administration well. In order to broaden the perspectives represented on the Advisory Committee, H.R. 6 increases the Committee membership from the current 11 members to 15 members. In addition, when the Advisory Committee was created, the wide use of electronic formats for the publication of reports and other documents was not envisioned. H.R. 6 expands the current exemption enjoyed by the Advisory Committee from Secretarial review of its reports to those published in electronic form.

In addition, H.R. 6 gives the Advisory Committee three new responsibilities. Specifically, the Advisory Committee shall evaluate and monitor: the modernization of the student financial aid systems and delivery process; the implementation of a Performance Based Organization within the Department to run the day to day operations of the student financial assistance programs; and the methods for disseminating information about programs under this title.

Meetings and negotiated rule making

Throughout the reauthorization process, the Committee has heard a great deal of frustration from participants in the Title IV programs over the way in which the Secretary formulates and issues regulations. In order to give program participants meaningful input into the regulatory process, H.R. 6 strengthens the provisions for regional meetings and negotiated rule making in the development and revision of regulations on this Title. The Committee expects the individuals and groups involved in this negotiation to include representatives of all types of participants in the student financial assistance programs. The Committee further expects that the Secretary will take the advice of these participants seriously.

In strengthening the negotiated rule making process, the Committee has added a provision requiring the Secretary to keep a transcript of these sessions. This requirement has been added because of reports that the Committee received that in previous negotiations, there have been a number of instances where consensus was reached on changes needed to proposed regulations only to be ignored by the Department's representatives. Finally, the Committee expects the Secretary to conduct negotiated rule making sessions in a timely manner in order to meet deadlines imposed under the master calendar and Section 481 (g) of the General Education Provisions Act. The Committee intends for the negotiated rule making process to apply not only to new regulations stemming from the enactment of this Act, but for all revisions to the Secretary's regulations for Title IV programs.

Sense of the committee regarding college admissions policies

A growing number of Americans are receiving their elementary and secondary education in non-public, private, or non-traditional settings. These programs are a valuable part of our nation's efforts to prepare its youth for the demands of society at the edge of a new century.

For example, the Committee recognizes that home schooling is one of the fastest growing education movements in the country, with an estimated 1.5 million students being taught at home by their parents. Home schooling is presently a legal option in all 50 states. Home schools comply with states' compulsory attendance laws through specific home school provisions or through provisions applying to private schools.

In addition, there are numerous private and religious schools across the nation. These schools also comply with State compulsory attendance laws and teach the core curriculum required by the State. Students educated in these schools generally graduate with all the requirements of a college preparatory diploma, normally have a record of nationally standardized achievement scores well above the national average, and very often graduate with grade point averages high enough to be accepted by most colleges if their school had been State or regionally accredited.

Research indicates that children educated in non-public, private, and non-traditional settings perform well in relation to their peers nationwide. A 1994 study of standardized test scores of 16,000 home-educated students found their mean performance in language skills at the 79th percentile nationwide and their mean performance in mathematics at the 73rd percentile. Overall, more than half (54.7 percent) of the students studied achieved national scores in the top quarter of the population.

The most recent report of the annual nationally standardized achievement testing program for the American Association of Christian Schools (AACS) indicated that these students placed in the top 10 percent of students that took the test nationwide (including students from both public and private schools). These results also showed that students from AACS affiliated schools were on average more than one grade level ahead of the national average.

The Committee further notes research that found home-educated students performing above the national average on the American College Test (ACT), as well as studies indicating that the collegiate grade point average of home-educated students sampled is higher than the mean grade point average of their respective institutions.

However, the creative alternatives of non-traditional and individualized training frequently do not offer a seamless fit with traditional transcript formats and admission standards. Moreover, many colleges and universities have yet to address this emerging issue. In a 50–state survey of colleges conducted by the Home School Legal Defense Association, it was discovered that 96 percent of colleges sampled had at least one and sometimes more than 200 home educated graduates enrolled, but only 44 percent of these institutions had a verbal or written admission policy regarding home-educated students.

The Committee is aware that many colleges and universities now require applicants from non-public, private, or non-traditional secondary programs (including home schools) to submit scores from additional standardized tests (typically, the General Educational Development (GED) or Scholastic Aptitude Test subject area examinations [SAT–II]) in lieu of a transcript/diploma from an accredited high school. Historically, SAT II has been required when students seek advanced placement in specific subject areas. However, it is the understanding of the Committee that SAT II was not designed for, and until recently was not used to determine college admissions. Given that standardized test scores (ACT or SAT) and portfolio- or performance-based assessments may also provide a sound basis for an admission decision regarding these students, the Committee recommends that colleges and universities consider using these assessments for applicants educated in non-public, private, or non-traditional programs rather than requiring them to undergo additional types of standardized testing. Requiring additional testing only of students educated in these settings could reasonably be seen as discriminatory, and Members of the Committee are concerned that such practices could have the effect of discouraging these students from applying to certain institutions.

As the number of students from non-public, private, and non-traditional settings continues to grow, institutions of higher education and their governing entities must seriously consider addressing this issue if they have not already done so. For example, the State of North Carolina has adopted legislation stating that students from lawfully operating non-public, private, and non-traditional programs shall not be required to take additional admission tests if they otherwise qualify for admission. Similarly, the State of New Mexico now has a law stating that students from non-public, private, and non-traditional educational programs shall not be required to supply a GED credential for admission if they provide qualifying admission test scores.

The Committee believes that college admissions should be determined based on the academic ability of the student and not the accreditation status of the school in which he or she received a secondary education. Accordingly, it is the sense of the Committee that in determining requirements for admission, an institution of higher education that receives Federal funds shall make every effort to evaluate and treat applicants from non-public, private, and non-traditional educational programs fairly and in a non-discriminatory manner. The Committee further urges institutions of higher learning to adopt admission policies that reflect the sense of the Committee, and to engage in a dialogue with providers of non-public, private, and non-traditional educational programs regarding admission policies that will best serve the educational interests of their graduates. The Committee expects that institutions receiving Federal funds under the Higher Education Act will not discriminate against students educated in non-public, private, or non-traditional settings (including religious and home schools) in their admissions policies.

Part H, program integrity

State Postsecondary Review Program

The last reauthorization of the Higher Education Act created new State Postsecondary Review Entities (SPREs). The goal of these provisions was to enhance the integrity of the student financial assistance programs, but to do so in a way that did not increase Federal control. However, after enactment, it became apparent that adding another regulatory entity on top of the Department of Education, regional and national accrediting agencies, and other State regulatory agencies was unnecessary. The SPREs represented an unnecessary and overly burdensome intrusion on the autonomy of institutions of higher education. In reauthorizing the Higher Education Act, it is the goal of the Committee to reduce the regulatory burden placed on all participants in the Title IV programs. H.R. 6 therefore repeals the authorization for the SPREs. In taking this action, the Committee notes that States have a number of options in overseeing institutions within their boundaries including State Higher Education Boards and State licensing agencies. The Committee expects States to continue to use these entities to ensure the integrity of institutions operating within their boundaries.

Accrediting agency recognition

In proceeding with the reauthorization, one of the goals of the Committee has been to ensure the quality of the programs that are eligible for Federal financial assistance. The Committee recognizes that assessments of educational quality have historically been made by private accrediting organizations, and the Committee sees no need to give the Secretary increased authority in this area. H.R. 6 amends the criteria for which the Secretary may recognize accrediting bodies by including distance learning as an integral part of the accrediting agency's assessment of the quality of the institution in a range of areas. H.R. 6 also clarifies that new sites offered through telecommunications for programs previously included in the scope of accreditation approval need not be subjected to on-site visits.

The Committee wishes to underscore the importance of educational quality in the accreditation of programs and of institutions participating in Title IV. Most importantly, the Committee intends that the quality of an institution's education continue to be evaluated by voluntary accrediting organizations.

Regarding the rapidly emerging programs of distance learning, the Committee wishes to provide Title IV support only to quality programs while avoiding Federal control over program content. Voluntary accreditors working with the academic leaders and faculties of each institution have always seen to the assurance of educational quality. It is the understanding of the Committee that accrediting associations have been dealing with distance learning programs for many years, and that they are developing new approaches and procedures to address the new forms of distance education.

Eligibility and certification procedures

Ensuring that institutions participating in Title IV programs have the financial capability to meet their obligations is an important protection for America's students. However, it quickly became clear to the Committee that regulations promulgated by the Department in this area would not only impact schools in troubled financial condition, but could actually endanger the participation of schools that had been in existence in excess of 100 years, and that could reasonably be expected to remain solvent for decades to come. H.R. 6 clarifies the definition of financial responsibility for the purpose of eligibility and certification to focus on preventing precipitous closures, ensuring compliance, and meeting financial obligations. H.R. 6 also clarifies that the Secretary should take into account the differences in accounting practices applicable to public, private, and for-profit institutions when assessing financial responsibility. Finally, H.R. 6 directs the Secretary to develop an appropriate and cost effective process for determining financial responsibility that is not duplicative of other assessments.

The Committee recognizes another important aspect of protecting students is to ensure that schools participating in Title IV programs are able to administer these programs effectively. H.R. 6 clarifies the procedures used by the Secretary for assessing the administrative capability of schools relating to the approval, disbursement and delivery of Federal financial assistance.

The Committee is cognizant of the often-duplicative regulatory burdens placed on institutions by the Department and their accrediting bodies. H.R. 6 eliminates this duplication by requiring the Secretary to prioritize when making on-site visits and to coordinate those visits with accreditation visits.

Under current law, an eligible institution that undergoes a change in ownership resulting in a change of control must reapply for a determination of its eligibility under the new ownership to continue to participate in Title IV programs. The period of review commonly takes from 60–120 days, and during that period students lose access to their Title IV funds. This gap in funding can be very disruptive to students and institutions. In cases where the approval takes longer than the payment period, the interruption can result in denying eligible students the Pell Grant aid to which they are entitled.

H.R. 6 changes the existing practice by providing that Title IV eligibility is continued on a provisional basis after a preliminary Department review, provided the institution files a materially complete application for approval within 10 days of the transaction. The provisional certification would ordinarily expire at the end of the month following the month it was granted, but would be continued on a month-to-month basis in cases where the final decision of the Secretary has not been issued.

Program review and data

Program reviews by the Secretary are an essential component in ensuring the integrity of the Federal student financial assistance programs. However, if implemented in the standard "Washington knows best, one-size-fits-all" approach, they can pose an undue burden on institutions of higher education. H.R. 6 attempts to remedy this by requiring the Secretary to prioritize when selecting institutions for program reviews. Criteria include significant fluctuations in student loan volume or Pell Grant awards, reports to the Secretary of deficiencies by either the State or the institution's accrediting body, and indications of high dropout rates. The Secretary may also prioritize reviews based on other factors, as he deems necessary. H.R. 6 also requires the Secretary to review the regulations of the Department and to ensure the uniformity of their interpretation and application. When conducting this review, the Secretary must consult with representatives of institutions participating in the Title IV programs.

TITLE V—DEVELOPING INSTITUTIONS

H.R. 6 creates a new Title V, titled Developing Institutions, and transfers the provisions specifically addressing Hispanic-Serving Institutions from Title III to the newly established Title V. Many of the provisions included in this Title have been adopted from H.R. 2495, introduced by Representative Hinojosa (D-TX) last fall.

Qualified institutions under the new Title V include eligible institutions having an enrollment of at least 25 percent Hispanic students of which 50% of those students must be from low-income families. Institutions receiving aid under this Title are authorized to use such funds for the same purposes currently allowed under Title III of the Higher Education Act. In addition to the currently authorized activities, institutions may also use such funds for improving and expanding graduate opportunities for their students.

Funds received under this Title are to be used to strengthen institutional, academic and fiscal resources and to increase services for Hispanic and other low-income, educationally disadvantaged students. In applying for funds under this Title, an institution will be required to include a 5-year plan for improving assistance provided by the institution to Hispanic and other low-income students. Of particular importance to the Committee is the authority of the Secretary to give priority to applicants that will be working with local organizations to reduce dropout rates and improve academic achievement. During the reauthorization hearings, statistics presented to the Committee indicated that the dropout rate for Hispanic students is a serious problem in this country.

The Developing Institutions Program under this title is authorized to be appropriated at $80,000,000 for fiscal year 1999 and such sums for each of the succeeding 4 fiscal years. The Committee intends that the provisions transferred from Title III retain all currently applicable legislative and regulatory rules and regulations, as they apply to Title III, including regulatory determinations, administrative interpretations and guidance.

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

Title VI has been separated into two distinct Parts in H.R. 6. International education programs are included under Part A, while graduate education programs are included under Part B.

Part A, international education

The international education programs of Title VI, along with the Fulbright-Hays Act, has been the primary response of the Federal

Government to meeting the Nation's need for international expertise. The Title VI programs were originally introduced as part of the National Defense Education Act of 1958 enacted at the high point of the Cold War. Title VI funds induce universities to create and support high quality graduate training and research programs that produce well-trained specialists whose expertise spans the globe. These foreign area experts who graduate from Title VI centers staff government agencies, international organizations, and university centers and produce research that sets new standards of quality and coverage.

In order to expand and enhance the Nation's capacity in international studies and foreign languages, Title VI also authorizes cost effective programs at the undergraduate level. The amendments contained in H.R. 6 are designed to strengthen the capacity of Title VI programs to better address the Nation's current and future needs for international competence. H.R. 6 amends Title VI throughout in order to refine the title further so that the Nation's need for international education is met.

Subpart 1, international and foreign language studies

H.R. 6 amends the list of authorized activities that may be undertaken by national resource centers. In addition to the currently authorized activities, H.R. 6 requires such centers to:

> Support the instruction of foreign languages and offer courses that cover the subject area or topic applicable to the national center;
>
> Support teaching and the acquisition of research materials; and,
>
> Support outreach programs with state and local educational agencies, government, and business.

Title VI has created a small but competent system of centers producing specialized faculty, international research, and a corps of international experts. The Committee strongly encourages the Secretary to promote interactive linkages among the national resource centers, state and local educational agencies, professional schools and colleges, government and business. The Committee views these linkage and outreach functions as an increasingly important role for the centers which serves the national interest.

H.R. 6 continues the authority for institutions to provide fellowships to graduate students who are undergoing advanced training in any center or program approved by the Secretary.

In addition, H.R. 6 expands the activities which may be conducted by a language resource center to include the operation of intensive summer language institutes to train advanced foreign language students, provide professional development and improve language instruction through preservice and inservice language training for teachers. However, the Committee believes there is still a need for a more systematic approach to addressing the needs of the less commonly taught languages. The Committee urges the Secretary to encourage the assessment of those needs and the cultivation of cost effective ways to meet those needs. For example, the Secretary may allow some centers to focus on geographic areas or language groups, utilize technology to organize and provide wide access to teaching materials, and encourage collaborations with the less commonly taught language community and other Title VI grant recipients with similar missions.

The allowable use of grant funds awarded to undergraduate international and foreign language programs has been expanded to include activities such as, establishing linkages overseas with institutions of higher education; conducting summer institutes in foreign area and other international fields to provide faculty and curriculum development; and developing partnerships with the private sector, government and elementary and secondary schools in order to enhance international knowledge and skills. The Committee recommends that the Secretary promote support for undergraduate international education by outreach to undergraduate institutions. In order to encourage institutions of higher education to support undergraduate international relations and foreign language programs, a provision was included in H.R. 6 that authorizes the Secretary to use no more than 10% of the funds appropriated for this Part for undergraduate programs. The Committee also included an optional, non-Federal match of one-third cash from the private sector to encourage more applicants to leverage funding from private sector corporations and foundations.

H.R. 6 replaces the current program for periodical and other research materials published outside of the United States with a new technological innovation and cooperation for foreign information access program. The purpose of the program is to develop innovative techniques or programs using new electronic technologies to collect, organize, preserve and widely disseminate information on world regions and countries that address the nation's teaching and research needs in international education and foreign languages. This kind of program is timely as universities and libraries are faced with escalating costs for access to international resources and an increasing demand for international information, teaching and research materials in a wide variety of disciplines.

H.R. 6 also includes a new subsection designed to encourage the Secretary to provide grant funds to help establish new overseas research centers. If the Secretary determines that there are no qualified applications for a new center, the funds may be distributed to the existing centers.

Part A is authorized to be appropriated at $80,000,000 for fiscal year 1999 and such sums for the four succeeding fiscal years.

Subpart 2, business and international education programs

The Business and International Education Programs are continued in their current form with one modification. For purposes of membership on the advisory council required in order to apply for grant funding, the Committee makes specific mention of including a representative of a community college in the region served by the center when selecting representatives from institutions of higher education. Centers for International Business Education are authorized to be appropriated at $11,000,000 for fiscal year 1999 and such sums as may be necessary for the four succeeding fiscal years. Education and Training programs are authorized to be appropriated at $7,000,000 for fiscal year 1999 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 3, Institute for International Public Policy

H.R. 6 expands the current authority of The Institute for International Public Policy to operate several new programs designed to promote careers in international affairs. The programs include:

A summer abroad program in addition to the existing junior year abroad program;

A postbaccalaureate internship program to assist students in preparing for a master's degree program; and,

An institutional development program to enable eligible colleges and universities to strengthen international affairs programs.

This Subpart 3 is authorized to be appropriated at $10,000,000 for fiscal year 1999 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 4, general provisions

H.R. 6 amends General Provisions to repeal a provision titled Preservation of Pre–1992 Programs. This provision has served to limit the number of new programs which have been created under Title VI due to a prohibition on funding new projects unless funding in effect for pre-existing programs is equal to the 1992 fiscal year level. The Committee believes the Secretary of Education should be free to evaluate applications and fund those programs that meet the objectives and priorities of the Federal Government applicable at that time.

Part B, Graduate Assistance in Areas of National Need (GAANN)

H.R. 6 transfers the current Graduate Assistance in Areas of National Need Program (GAANN) from Title IX to Title VI and makes minor modifications to the program. H.R. 6 continues the current focus of GAANN by providing assistance to students of superior ability who demonstrate financial need. The designation of areas of national need will remain the responsibility of the Secretary of Education after consultation with appropriate Federal and nonprofit agencies and organizations.

H.R. 6 repeals the existing Patricia Roberts Harris Fellowship Program and the Jacob K. Javits Fellowship Program which have been funded through the GAANN appropriation. H.R. 6 directs the Secretary to make continuation awards to recipients of awards under those programs as well as recipients under GAANN as in effect prior to enactment of H.R. 6 in order to allow students to complete their programs of study.

GAANN is authorized to be appropriated at $40,000,000 for fiscal year 1999 and such sums as necessary for the four succeeding fiscal years.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Title VII provides for a straight extension of Part B, the Historically Black College and University Capital Financing Program, for FY 99 and the four succeeding fiscal years.

Title VII also provides for a straight extension of Part C, Loans for Construction, Reconstruction, and Renovation of Academic, Housing and Other Educational Facilities, for FY 99 and the four succeeding fiscal years. Although no loans have been made under this program since 1993, the Department of Education is responsible for oversight and management of the loans made in previous years.

Part A of Title VII, Improvement of Academic and Library Facilities is repealed in H.R. 6.

TITLE VIII—ADDITIONAL PROVISIONS

In keeping with the Committee's goal of strengthening opportunities for all Americans to obtain an affordable, high quality postsecondary education, Title VIII of H.R. 6 contains requirements that the Department of Education and the General Accounting Office conduct a number of studies on issues relating to postsecondary education. Title VIII also contains provisions to provide parents and students with better information on making informed decisions about preparing for college. By including these provisions, the Committee hopes that well-informed consumers will create market competition among institutions of higher education, thus keeping colleges accountable and higher education affordable.

Study on transfer of credits

The Committee is concerned about reports of policies that may prevent the transfer of credits between colleges and universities and shorter course programs. While it is not the intent of the Committee to impose transfer of credit policies on institutions, the Committee is concerned that some accrediting bodies may be adopting transfer of credit policies that could adversely impact students. While little concrete data is available, the Committee has heard reports that many students must repeat coursework at their new institution in order to obtain credit towards a postsecondary degree, thus increasing their costs of attendance and in some cases student loan burden.

Section 801 requires the Secretary of Education to conduct a study evaluating the policies and/or practices instituted by recognized accrediting agencies or associations regarding the transfer of credits from one institution of higher education to another. Specifically, this study will look at the effects of such policies on students wishing to transfer and will include the additional time and expense that is incurred by these students, the extent to which Federal student financial aid is awarded for the duplication of coursework, and the aggregate cost to the Federal Government.

It is the Committee's hope that this study will provide insight into the effects of different policies adopted by accrediting agencies or associations and provide specific recommendations for the recognition of accrediting bodies which might save students time and money.

Study of market mechanisms in Federal student loan programs

In recent years, the Committee has been called upon on several occasions to recommend methods of reducing the costs of the student loan programs. The Committee is concerned that any such changes be made in such a way as to ensure continued participation of the private sector in these vital programs. Currently, the

Federal Family Education Loan (FFEL) program is a market-based program with private sector participation. However, to a large extent lender returns are set through a political process rather than a market process. This is disturbing for two reasons. First, if lender yield is set too low, private capital will become unavailable, and the student loan programs will collapse. Second, if the rate of return is set too high, the Federal Government forgoes savings that could be put to better uses or returned to the taxpayer. The difficulty of determining the appropriate yield became most apparent during this reauthorization as the Committee struggled with the 1998 interest rate problem.

In contrast, the Direct Student Loan Program, which has no market forces operating within it has been plagued with management problems, including a complete shutdown of the Direct Consolidation Loan process. As the Committee worked to solve the interest rate issue, it became very clear that no one believed the Direct Loan Program could absorb all the student loan volume currently handled by private sector participants in the FFEL Program.

Section 802 requires the Comptroller General to conduct a study of the potential use of an auction mechanism or other market based mechanism for the delivery of Federal student loans. In conducting this study, the Committee expects that the Comptroller General will pay special attention to methods of ensuring continued access for all borrowers. The Committee also expects that any recommendations for moving to a new system will be accompanied by a transition plan to ensure that no disruption in loan availability occurs. The Comptroller General is to issue his report within two years after the date of enactment of H.R. 6.

Improvements in market information and public accountability in higher education

One consistent concern that the Committee heard from parents and students was that the cost of attending college was rising too quickly. As part of this concern the Committee passed into law, the Cost of College Review Act of 1997, establishing the National Commission on the Cost of Higher Education. This Commission was tasked with studying the reasons why college tuitions were increasing so rapidly and to make specific recommendations as to how these increases could be brought under control. One of the Commission's findings was that timely, accurate, reliable and understandable information on college costs and prices was not readily available to the public.

Section 803, which was added as an amendment offered by Representatives McKeon (R–CA) and Castle (R–DE), requires the Secretary of Education to work with colleges and universities to develop a clear set of standards for reporting college costs and prices. It specifically requires the Secretary to redesign his collection of information on college costs and prices to make it more useful and timely to the public. It is the Committee's belief that these changes will allow students to make more informed choices about the level of education they pursue by requiring the Secretary to collect separate data on the costs and price of both undergraduate and graduate education. It will also help parents and students make informed decisions about the schools they choose by requiring the

Secretary to make available for all schools, on a yearly basis, information on tuition, price and the relationship between tuition increases and increases in institutional costs.

It is the understanding of the Committee that the Secretary already collects the data required to implement Section 803. To the extent practicable, the Committee intends that the Secretary re-format and re-configure data already collected from institutions of higher education and make this data more widely accessible and useful to parents and students. It is not the intent of the Committee to require or preclude the Secretary from collecting new or additional data from institutions of higher education.

Differential regulation

This provision, also added by the McKeon/Castle amendment, provides for a report by the Comptroller General on the extent to which unnecessary costs are imposed on colleges and universities as a consequence of requiring them to abide by the same regulations as industrial or commercial entities. For example, in its report, the Cost Commission noted that some institutions of higher education which might have grams of certain chemical substances on their campuses are often held to the same Federal regulations as industrial entities which might work with tons of the same substance. The Committee is supportive of regulatory reductions that can provide cost savings to institutions, as long as health and safety are not jeopardized. However, the Committee fully expects that any savings attained in this area will be passed on to America's students and families through lower tuitions.

Annual report on cost of higher education

Finally, the Committee notes that tuition increases have to an extent moderated in recent years, they are still increasing at close to twice the rate of inflation. In its report, the Commission concluded that in the long run, if colleges do not reduce their cost, prices cannot be contained without sacrificing either quality or access.

Section 805 directs the Comptroller General to conduct an ongoing study of college costs and tuition increases, and to report his findings to Congress on a yearly basis. In this way, the Committee will continue to track the progress made by colleges and universities in reducing their costs and tuition increases.

Repeals of previous higher education amendments provisions

Section 806 repeals a number of unfunded programs, studies, and commissions. Specifically, these include Secretarial Studies and Evaluations enacted by the Higher Education Amendments of 1986, General Accounting Office Reports, a study of the Costs of Postsecondary Education, a National Academy of Sciences Study, the Alien Youth Education Opportunity Panel, the Carl Albert Congressional Research and Studies Center, Studies by the Department of Education, the National Commission on Independent Higher Education, the National Commission on the Cost of Higher Education, the National Center for the Workplace, the National Clearinghouse for Postsecondary Education Materials, the School Based

Decision Makers Program, Grants for Sexual Offenses Education, and the Olympic Scholarships Program.

Limitation

Section 807 specifically prohibits Federal funds from being made available to the National Board for Professional Teaching Standards.

TITLE IX—AMENDMENTS TO OTHER LAWS

Part A, Education of the Deaf Act

H.R. 6 amends the Education of the Deaf Act (EDA) by extending the authorization for that Act through fiscal year 2003 and making other changes. The Committee felt that the Education of the Deaf should be considered when the Higher Education Act was reauthorized since most of the Education of the Deaf Act authorizes two higher education institutions: Gallaudet University and the National Technical Institute for the Deaf. Given the enormous importance of education to the future success of all Americans, the Committee affirms our long-standing commitment to programs targeted to people who are deaf or hearing impaired through the extension of the Education of the Deaf Act.

The Committee identified a need to enhance communication between the Secretary and Gallaudet University. To accomplish this, the Committee has made the Department of Education's liaison to Gallaudet University an ex-officio member of its Board of Trustees. The Committee believes that this addition will enhance the flow of information between the University and the Department, and thereby promote coordination between the University's varied activities and other programs that the Department oversees.

The 1992 amendments to the Education of the Deaf Act incorporated the procedural safeguards specified in the Individuals with Disabilities Education Act into the requirements for Gallaudet's elementary and secondary education programs. The 1998 Amendments update these references by citing the Individuals with Disabilities Education Act Amendments of 1997 (P.L. 105–17). These references include new provisions from P.L. 105–17 relating to mediation, placement in alternative educational settings, and transfer of parental rights at age of majority.

Because tracking of the costs associated with Gallaudet's various national mission activities and the operations of the elementary and secondary programs has been problematic, the Committee added language relating to the University's audit requirement stipulating that the costs for these activities must be separately identified. The Committee adds this requirement in the spirit of good stewardship for the resources targeted for the programs under its jurisdiction, not because of any concerns about mismanagement at Gallaudet.

During the July 15 hearing, the Committee heard testimony relating to improving the endowment programs at Gallaudet and NTID. The 1992 EDA Amendments added a new requirement that the institutions contribute $2 from non-federal funds for every Federal dollar in excess of $1 million. The unintended effect of this change has been to discourage private contributions beyond the $1 million level. Therefore, the Committee decided to return to a dollar-for-dollar match. However, the Committee now stipulates that non-federal contributions can be matched with Federal funds only in the fiscal year in which they are raised. It further clarifies that the University and NTID have an on-going responsibility to keep records of income generated from their federal endowment funds from the prior year. Authorization for the Federal endowment programs are extended through fiscal year 2003.

In reviewing legislation under its jurisdiction over the past two years, the Committee has typically repealed programs that have been authorized, but not funded. Consistent with this practice, the Committee has repealed the unfunded scholarship program in section 208 of the EDA for individuals who are deaf preparing for careers in deaf education or special education at institutions with teacher training programs in deaf education or special education.

Responding to testimony regarding unused capacity at both Gallaudet and NTID, the Committee chose to repeal the current 10 percent enrollment cap on international students at both institutions. The Committee also established the requirement that no qualified United States citizen will be denied admission to Gallaudet or NTID. While the Committee considered increasing the amount of the tuition surcharge paid by international students, the Committee chose to maintain the current international surcharge at 90 percent of base tuition to address concerns raised by the institutions about a possible decrease in enrollment resulting from higher international student surcharges. However, the Committee also believes that the current surcharge is not a financial barrier for international students, noting that the current international student tuition (including the surcharge) at Gallaudet, for example, is $11,200—about one-half of the tuition charged to students at other private universities in the District of Columbia.

The Committee extends authorization of appropriations for Gallaudet University, its elementary and secondary programs, and NTID through fiscal year 2002. However, in recognition of the greater revenue that the institutions will receive from lifting the cap on the enrollment of international students and from growth in the institutions' endowments, the Committee has included specific authorizations for each fiscal year through 2003. These authorization levels reflect the Administration's budget requests for the institutions in 1999, and are annually increased by 1.5 percent in fiscal year 2000 through 2003. In the case of NTID, the authorization levels also reflect the projected additional costs for NTID's renovation of dormitory facilities.

Part B, Extension and Revision of Indian Higher Education Programs

The Committee has extended all provisions of the Tribally Controlled Community College Assistance Act and the Navajo Community College Act. This continues the practice of insuring that these programs have the same reauthorization schedule as other Higher Education programs.

The Committee has included three important changes in current law regarding the Tribally Controlled Community College Assistance Act:

The Act will henceforth be known as the Tribally Controlled College and University Assistance Act, and all references in current law to "community colleges" will be changed to "colleges and universities" and the word "college" would be changed to "institution." This is done to reflect more accurately the makeup of tribally controlled institutions of higher education;

There is a provision requiring the Secretary of Education to work with the Tribal Colleges and Universities to establish a national accreditation agency that would have a specific focus on the concerns of these institutions; and,

The base per-Indian student funding contained in the Tribally Controlled Colleges Universities Act would be increased from $5,820 to $6,000 and the overall authorization for grants to Tribally Controlled Colleges and Universities would be increased to $40 million to reflect the increase in the per student figure.

TITLE X—FACULTY RETIREMENT INCENTIVES

Title X amends the Age Discrimination in Employment Act of 1967 (ADEA) to clarify that it is permissible for colleges and universities to offer voluntary early retirement incentives to tenured faculty that are in part age-based. Title X is identical to the bipartisan bill H.R. 3473, the Faculty Retirement Incentive Act. The Subcommittee on Employer-Employee Relations held a hearing on early retirement incentives in higher education on May 22, 1997.

Currently, tenured faculty members of most colleges and universities are covered by defined contribution retirement plans, which generally offer greater financial incentives to remain employed than to retire. In addition, the unique nature of the tenure contract limits an institution's ability to respond to problems arising from the impact of age on employment. Prior to January 1, 1994, Section 12 of the ADEA permitted the mandatory retirement at age 70 of tenured faculty at institutions of higher education. In addition, some institutions offered age-based retirement incentives to encourage voluntary retirement of tenured faculty before age 70. The ability to offer these incentives is now increasingly important to colleges and universities as a result of (1) the recent expiration of the ADEA's mandatory age 70 retirement provision; (2) increased budget pressures that are aggravated by the significant salary differential between long-term and entry-level faculty members; (3) an increasing need to respond to changing academic needs, including necessary hires in new and existing fields; and (4) a desire for cost-effective methods of providing faculty members who would like to retire at earlier ages the financial ability to do so.

The National Academy of Sciences study that was commissioned by Congress to examine the issue of "uncapping" the mandatory age 70 retirement provision assumed the availability of age-based voluntary early retirement incentive plans when it concluded that the mandatory retirement provision should be allowed to expire.

In addition, the bipartisan National Commission on the Cost of Higher Education included this legislative initiative in its January 1998 recommendations to check the skyrocketing cost of a college education. The Commission recommended that "Congress enact a clarification to the Age Discrimination in Employment Act to ensure that institutions offering defined contribution retirement programs are able to offer early retirement incentives to tenured faculty members."

In section 4(f)(2)(B)(ii) of current law, ADEA provides that "voluntary early retirement incentive plans consistent with the relevant purpose or purposes of the Act" do not violate the ADEA's prohibition against age discrimination in "compensation, terms, conditions, or privileges of employment" contained in Section 4(a)(1). The relevant purposes of the Act are set forth in Section 2(b): "to promote employment of older persons based upon their ability rather than age; to prohibit arbitrary age discrimination in employment; and to help employers and workers find ways of meeting problems arising from the impact of age on employment."

The legislative history of the Older Workers Benefit Protection Act of 1990 (OWBPA), which added Section 4(f)(2) of the ADEA, is reasonably clear that at least some voluntary early retirement incentive plans under which benefits are reduced or eliminated based upon age are consistent with the purposes of the ADEA and are, therefore, encompassed by Section 4(f)(2)(B)(ii). However, the OWBPA report language is somewhat ambiguous on this point. Moreover, the Equal Employment Opportunity Commission (EEOC) has taken the position that voluntary retirement incentive benefits that decrease based on age and ultimately cease at a specified age are by their nature inconsistent with the ADEA's purpose of prohibiting arbitrary age discrimination in employment.[1] The Committee believes that the voluntary retirement incentives encompassed by Title X do not conflict with the purposes of the ADEA and that the ADEA should be amended to make this clear and to avoid unnecessary litigation on this issue.

Therefore, Title X adds to the ADEA a safe harbor under which institutions of higher education may offer to tenured faculty members voluntary retirement incentive benefits that are reduced or eliminated based upon age.

To satisfy the safe harbor, a plan or arrangement must not preclude an eligible employee who has attained too high an age for the maximum benefit otherwise available under the applicable formula from having an opportunity of at least 180 days' duration to elect to retire and receive that maximum benefit. In determining that maximum benefit, the employee will be assumed to retire at the age which, under the applicable formula, results in the largest benefit, but all relevant factors other than age—such as salary or years of service—will be determined as of the employee's actual age.

The safe harbor encompasses only benefits that are in addition to those already available to the faculty members under other plans or arrangements. Thus, the safe harbor would not apply to a plan under which active or retired faculty members, because they did not retire before a given age, ceased to receive benefits (other than the voluntary retirement incentive benefits themselves) that were available to other active or retired faculty members, respectively.

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[1] See *EEOC* v. *Crown Point Community School Corporation et al.*, No. 2:93 CV 237 (N.D. Ind. 1997), in which a magistrate judge granted summary judgment for the EEOC; amicus curiae brief filed in *Lyon* v. *Ohio Educational Association*, 53 F.3d 135 (6th Cir. 1995), in which the Court of Appeals found no impermissible age discrimination and did not reach the section 4(f)(2) issue.

Under Title X, a college or university plan or arrangement would not violate the ADEA, for example, by offering to tenured faculty members who voluntarily retire between ages 65 and 70 a monthly "bridge" benefit, payable until age 70, equal to 50 percent of their final monthly salary, with the expectation that the faculty members would wait until age 70 to commence their regular retirement benefits. The bridge benefit that could be made available between other ages, such as 60 and 65, or 62 and 69, could involve a different percentage of pay, and could be subject to other conditions, such as a minimum service requirement for eligibility, or limitation of the plan to one or more schools, departments, or other classifications of tenured faculty. Similarly, under Title X, a plan or arrangement could, consistent with the ADEA, provide lump sum retirement incentives, expressed as a percentage of final salary, that are reduced based upon age at retirement and eliminated at a specified upper age (e.g., 65 or 70). The ADEA would also not be violated by a voluntary phased retirement program for eligible tenured faculty members under which the retirement incentive takes the form of subsidized pay for part-time work. The amount of the subsidy or duration of the part-time work, or both, is decreased or eliminated based upon age. In each case, upon adoption of the plan or arrangement, a faculty member who would otherwise be prevented by attainment of too high an age from receiving the maximum benefit under the applicable formula would be given an opportunity of at least 180 days' duration to elect to retire and receive that maximum benefit, determined as described above.

No inference is intended that these or other retirement incentive plans or arrangements sponsored by institutions of higher education or other employers do not constitute "voluntary early retirement incentive plan[s] consistent with the relevant purpose or purposes of the [ADEA]" within the meaning of §4(f)(2)(B)(ii) of the ADEA, or are not otherwise lawful without regard to this bill.

SECTION-BY-SECTION ANALYSIS

Section 1—gives the short title of the act as the "Higher Education Amendments of 1998".

Section 2—gives the Table of Contents for the Act.

Section 3—states that references to "the Act" refer to the Higher Education Act of 1965.

Section 4—gives the general effective date as October 1, 1998.

TITLE I—GENERAL PROVISIONS

Part A—Extension and revision of general provisions

Section 101—repeals Title I; repeals sections 1206, 1211, and 1212 of Title XII; redesignates Title XII as Title I; transfers Title I as redesignated to immediately follow the short title and amends the Higher Education Act of 1965 to make technical internal cross-references and makes the necessary conforming amendments.

Section 102—amends Section 101 to add definitions for defining an Institution of Higher Education, specific definitions for purposes of Title IV programs, Institutions outside the United States, Proprietary Institution of Higher Education, Postsecondary Vocational Institution, and other criteria for determining an institution of higher education; requires the Secretary to publish a list of nationally recognized accrediting agencies or associations; and makes conforming amendments.

Section 103—amends Title I to add a new section regarding Regulatory Reform.

Part B—Performance-based organization for the delivery of Federal student financial assistance

Section 111—amends Title I by adding a new Part A—General Provisions and a new Part B—Administrative Provisions for Delivery of Student Financial Assistance to create a performance based organization (PBO) for the delivery of student financial assistance. The PBO will be responsible for all aspects of managing the data and information systems that support the student financial assistance programs

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

Section 201— Urban Community Service—amends the Higher Education Act of 1965 by inserting a new Title II; redesignates and transfers Part A of Title XI to immediately follow the heading of Title II and repeals Part B of Title XI; adds a new paragraph for allowable activities; amends section 207 to include Urban Grant Institutions; and extends the authorization of appropriations.

Section 202—Fund for the Improvement of Postsecondary Education—amends section 1004 to make internal cross-references; redesignates and transfers Part A of Title X as Part B of Title II; repeals section 1004 and Parts C and D of Title X; amends section 221 relating to endowment grants; and amends section 224 relating to special projects for areas of national need; adds new criteria for areas of national need; amends Part B of Title II by striking the subpart designations and headings and by adding new authorization levels

Section 203—Grants to States for Workplace and Community Transition Training for Incarcerated Youth Offenders—redesignates Part E of Title X as Part C of Title II and section 1091 as section 231; transfers Part C of Title II to follow Part B of Title II and amends section 231(j) to add new authorization levels

Section 204—Advanced Placement Fee Payment Program—redesignates Part G of Title XV as Part D of Title II and section 1545 as section 241; transfers Part D of Title II to follow Part C of Title II; and amends section 2[illegible]1(f) by striking 1993 and inserting 1999 for reauthorization purposes.

Section 205—amends Title II to add a new Part E—Teacher Quality Enhancement Grants

Section 206—repeals Title VIII.

TITLE III—INSTITUTIONAL AID

Section 301—Strengthening Institutions—amends section 311 by adding a new subsection for Authorized Activities and Endowment Fund Limitations; amends section 312 by adding a new Endowment Fund definition; amends Section 313 relating to duration of grants and amends Title III by adding a new section 314 for Applications and a new section 316 for American Indian Tribally Controlled Colleges and Universities.

Section 302—Historically Black Colleges and Universities—amends section 323(a) by inserting a new paragraph for establishing or improving an endowment fund; amends section 323(b) by adding a new paragraph for endowment fund limitations; amends section 326(a) relating to professional and graduate institutions; amends section 326(b) by adding new paragraphs for use of funds; amends section 326(e) by adding new qualified graduate programs and universities to the list of eligible universities; by adding a new paragraph for defining qualified graduate program and a new special rule; amends section 326(f) relating to funding rule; amends section 326 by adding a new subsection regarding the hold harmless rule.

Section 303—Minority Science and Engineering Improvement Program—amends Title II by adding a new Part D—Minority Science and Engineering Improvement Program.

Section 304—amends section 351(a) regarding applications for assistance; amends section 351(b) regarding contents of applications; amends section 352(a) regarding waivers; amends section 353(a) regarding application review process; amends Title III, Part D by adding a new section for continuation awards; and amends section 360 by adding new authorization levels.

TITLE IV—STUDENT ASSISTANCE

Part A—Grants to students

Section 401—Pell Grants—amends section 401(a) by extending authority of the Pell Grant program; amends section 401(b)(2)(A) by increasing grant amounts; amends section 401(b)(3) by increasing the maximum grant amount in relation to tuition and expenses; increases the amounts of dependent care and disability expenses; amends section 401 by adding a new subsection relating to institutional ineligibility based on default rates; and makes the necessary conforming amendments.

Section 402—Federal TRIO Programs—amends section 402A(b)(2) regarding duration of grants; increases the minimum grant amounts; amends section 402A regarding procedures for awarding TRIO grants and contracts; amends section 402A(f) relating to authorization of appropriations; and amends 402B(b) relating to the Talent Search program; amends section 402C relating to the Upward Bound program; amends section 402D relating to Student Support Services; amends section 402E relating to Postbaccalaureate Achievement Program; amends section 402G(b) by adding a new paragraph relating to staff development activities; and amends section 402H(b) by adding a new sentence regarding the evaluation for project improvement.

Section 403—National Early Intervention and Partnership Program—amends section 404G for extension of authorization.

Section 404—repeals provisions of subpart 2 of part A, Title IV; Chapter 3, Chapter 4, Chapter 5, Chapter 6, Chapter 7, and Chapter 8; repeals Subpart 8 of Part A of Title IV; and makes the necessary conforming amendments.

Section 405—amends Subpart 2 of Part A, Title IV to add new chapters regarding the High Hopes for College Program, the Frank Tejeda Scholarship Program, and Campus-Based Child Care Program.

Section 406—Federal Supplemental Educational Opportunity Grants—amends section 413A(b)(1) for extension of authority; amends subsection (d) of section 413C regarding use of funds for less- than-full-time students; amends section 413D by adding a new subsection for carry-over/carry-back authority.

Section 407—Grants to States for State Student Incentives—amends section 415A(b) for extension of authority and by adding a new paragraph relating to reservation of funds; amends subpart 4 of part A of Title IV to add a new section for Special Leveraging Educational Assistance Partnership Program; amends subsection (a) of 415A of the Higher Education Act of 1965 to provide additional purposes for providing grants to states; and amends section 415B(a)(1) relating to allotments.

Section 408—Special Programs for Students whose Families are Engaged in Migrant and Seasonal Farmwork—amends section 418A(d) to coordinate state, local and federal programs relating to migrant workers; provides for the extension of authority; amends section 418A to add a new subsection relating data collection; and makes the proper technical amendments.

Section 409—Byrd Scholarships—amends section 419G by adding a new subsection relating to termination of eligibility; and amends section 419K to increase authorization levels.

Part B—Federal Family Education Loan Program

Section 411—repeals subsection (d) of section 421 relating to limitation on authorization to guarantee new loans under part B.

Section 412—amends section 422 relating to advances to reserve funds.

Section 413—amends Part B, Title IV to add a new section regarding the federal student loan reserve fund and a new section regarding the agency operating fund; amends section 422 to add a new subsection regarding additional recall of reserves; makes the necessary conforming amendments; provides for an effective date; amends section 428(c)(6) relating to equitable share; amends section 428(c)(9)(C) regarding guaranty agency reserve level; amends section 428(f) to regarding payment for certain activities; and amends section 428(l) regarding default aversion assistance.

Section 414—amends section 424(a) relating to scope and duration of federal loan insurance program.

Section 415—amends section 425(a)(1)(A) by adding a new subclause relating to limitations on individual federally insured loans and federal loan insurance.

Section 416—amends section 427A regarding applicable interest rates for student loans; makes conforming amendments; amends section 438(b)(2)(F) regarding special allowances; and provides for an effective date.

Section 417—amends section 428(a)(2) by adding new criteria for additional requirements to receive federal interest subsidies; amends section 428(a)(5) to extend the duration of authority; amends section 428(b)(1)(A) by adding a new subclause relating to annual loan limits; amends section 428(b)(1)(D) by adding a new clause to allow student borrowers to change their selection of repayment plan; amends section 428(b)(1)(M) regarding deferments on loans; amends section 428(b)(1)(U) relating to limitations, suspension, and termination of loans; amends section 428(b)(1) by adding a new subparagraph for additional insurance program requirements; amends section 428(b)(3) to prohibit unsolicited mailings of student loan application forms by guaranty agencies; amends section 428(c)(2)(H)(ii) to prohibit guaranty agencies from charging a fee to institutions for information; amends section 428(c)(3) relating to forbearance; amends section 428(c)(8) by striking assignment requirements to protect federal fiscal interest; amends section 428(c)(9) relating to agency termination; amends section 428(e) relating to lender referral; repeals income contingent repayment option; repeals state share of default costs; amends section 428 by adding a new subsection for blanket certificate of loan guaranty.

Section 418—amends Part B, Title IV by adding a new section establishing voluntary flexible agreements with guaranty agencies.

Section 419—Federal Consolidation Loans—amends section 428C(a) by adding a new subclause to allow for new loans and federal direct loans to be included in the consolidation of loans; amends section 428C(b) by adding a new clause relating to contents of loan agreements; amends section 428(c)(1) by adding a new subparagraph relating to consolidation loan interest rates; and extending authority.

Section 420—Disbursement—amends section 428G(a)(1) relating to requirements for disbursement of student loans; amends section 428G(b)(1) to exempt institutions with low cohort default rates; amends section 428G(d)(2) relating to withholding of second disbursement.

Section 421—Unsubsidized Stafford Loans—amends section 428H(b) relating to eligible borrowers; amends section 428H(d)(2)(A) by adding a new clause regarding loan limits; amends section 428H(e) by adding a new paragraph for qualification for forbearance, deferment, and income-sensitive repayment; and repeals origination fees.

Section 422—repeals loan forgiveness for teachers, individuals' performing national community service and nurses.

Section 423—amends section 432(f) regarding audit of financial transactions; amends section 432(m) by adding a new paragraph for free application for federal student aid and master promissory note; amends section 432(n) to extend authorization and make technical changes; and amends section 432(p) to remove state postsecondary review entities from those listed for reporting requirements.

Section 424—amends section 433 relating to student loan information.

Section 425—amends section 435(a) regarding cohort default rates and by adding a new definition for mitigating circumstances; amends section 435(d) regarding eligible lenders; amends section 435(e) for a new definition of a line of credit.

Section 426—amends section 437(a) to allow a certificate of total disability from a Veteran's Hospital to be acceptable for a loan discharge; and amends section 437(c)(1) regarding loan repayment and discharge by the Secretary.

Section 427—amends section 437 by adding a new subsection regarding cancellation of loans for certain public service.

Section 428—repeals debt management options.

Section 429—Special Allowances—amends section 438(b)(2) relating to computation and payment; amends section 438(c) regarding origination fees and by adding a new paragraph for those demonstrating greater financial need; repeals section 438(e) regarding lending from proceeds of tax exempt obligations, and adds a new subsection to allow a study on lender's policies on charging origination fees.

Part C—Federal work-study programs

Section 435—amends section 441(a) regarding eligible students; amends section 441(b) to increase authorization of appropriation; amends section 441(c) relating to the definition of community service; amends section 442 regarding allocation of funds; amends section 443 by adding a new subparagraph for tutoring and literacy activities; amends section 443(b)(2)(A) relating to community service grant requirements; amends section 443(b)(3) regarding use of funds for independent and less-than-full time students; amends section 443(b)(6) regarding availability of employment; amends section 443(c)(4) regarding academic relevance; amends section 445(b) by adding a new paragraph for flexible use of funds; amends section 446 by adding new paragraph for cooperative education jobs; and extending authority for work colleges.

Part D—William D. Ford Federal Direct Loan Program

Section 436—amends section 453(a) regarding selection of institutions for participation and origination; amends section 453(b)(2) relating to selection procedure; and amends section 453(c) regarding selection criteria.

Section 437—amends section 455(b) regarding applicable interest rates for federal direct student loans; provides for an effective date; and amends section 455(g) regarding direct consolidation loans.

Section 438—amends section 456(b) regarding contracts for origination, servicing, and data systems of direct loans.

Section 439—amends section 458(a)(1) by adding a new subsection regarding funds for administrative expenses; amends section 458(a)(2) regarding calculation basis; and by striking section 458(2)(d) regarding notification.

Section 440—amends Part D, Title IV by adding a new section to allow for the authority to sell loans.

Section 441—amends Part D, Title IV by adding a new section regarding cancellation of loans for certain public service.

Part E—Federal Perkins Loans

Section 445—amends section 461(b) to extend the Perkins Loan program authority; amends section 462 relating to allocation of funds; amends section 462(f)(2)(A) regarding default reduction penalties; amends section 462(h) by adding a new paragraph for default rate calculation definitions; amends section 463(c) by adding a new paragraph for reports to credit bureaus of payment resumptions; amends section 463 by adding a new subsection for incentive repayment programs; amends section 464(a)(2)(B) relating to aggregate loan amounts; amends section 464(b) by striking the allocation to less-than-full-time students provision; amends section 464(c)(2) by adding a new subparagraph for qualifications for deferments; amends section 464 by adding new subsections for rehabilitation and discharge of loans; amends section 465 regarding cancellation of loans for certain public service; amends section 466 regarding distribution of assets; repeals Perkins Loan Revolving Fund; and amends section 468 by adding a new subsection for student status confirmation reports.

Part F—Need analysis

Section 446—amends section 472 relating to the cost of attendance.

Section 447—amends section 474(b)(3) regarding data elements.

Section 448—amends section 475(b)(3) regarding parents' contribution from adjusted available income; amends section 475 regarding family contribution from assets; amends section 475(g) by increasing income allowance and by adding a new subparagraph for allowance for parent's negative available income; and amends section 475 by adding a new subsection for adjustments to students contribution for enrollment periods of less than nine months.

Section 449—amends section 476(a) by adding a new paragraph for adjustments for enrollment periods other than nine months; and amends section 476(b)(1)(A)(iv) by increasing the income allowance protection for independent students without dependents and married students.

Section 450—amends section 477(a) regarding family contribution for independent students with dependents other than a spouse.

Section 451—amends section 478(b) by adding new revised tables and new revised amounts for income protection allowance.

Section 452—amends section 479A(a) to allow specific special circumstances for discretion of student financial administrators; and amends section 479A by adding a new subsection for refusal or adjustment of loan certifications.

Section 453—amends section 480(j)(3) relating to treatment of other financial assistance.

Part G—General provisions

Section 461—amends section 481 by adding a new subsection for defining distance learning.

Section 462—amends section 482(a) by adding new paragraphs regarding compliance to master schedule; and amends section 482(c) regarding delay of effective date for late publications.

Section 463—amends section 483(a) relating to a common financial aid form and by adding a new paragraph providing for the use of applications via electronic forms; amends section 483(b) regarding streamlined reapplication process; and makes technical and conforming amendments.

Section 464—amends section 484(a) relating to student eligibility; amends section 484(j) relating to termination of eligibility; amends section 484 by adding a new subsection for verification of income data with the Internal Revenue Service; adds a new subsection prohibiting eligibility of individual students convicted of any federal or state offense involving the possession or sale of a controlled substance; and provides for an effective date.

Section 465—amends section 484A by adding a new subsection regarding state court judgments.

Section 466—amends section 485(a) to add electronic media for information dissemination, by adding a new subparagraph to provide an effective date, and by adding a new paragraph to allow institutions to report completion or graduation rates; amends section 485(d) by adding a new paragraph to include state prepaid tuition programs and use of the Internet for publication of descriptions of assistance programs; amends section 485(e) regarding disclosures required with respect to athletically related student aid; amends section 485(f) by adding new criteria for disclosure on campus crime statistics reporting and by adding a new paragraph regarding disclosure of campus security policy and campus crime reporting; and amends section 485(g) by adding new subparagraphs for intercollegiate athletic data reporting; and by striking the effective date.

Section 467—amends section 485B(a) regarding the national student loan data system.

Section 468—amends section 487(a) regarding contents for program participation agreements; and amends section 487(c) relating to audits and financial responsibility.

Section 469—amends section 487A by adding a new quality assurance and regulatory simplification program.

Section 470—amends Part G of Title IV by adding a new section for distance education demonstration programs.

Section 471—amends section 488A(a)(1) by increasing the maximum percentage on garnishment requirements; amends section 488A by adding a new subsection for no attachment of student assistance.

Section 472—amends section Part G of Title IV by adding a new section for administrative subpoena authority.

Section 473—amends section 491 regarding the Advisory Committee on Student Financial Assistance and by adding new subsections for compensation and expenses and for special analysis and activities.

Section 474—amends section 492 by adding a new section for negotiated rulemaking.

Part H—Program integrity

Section 476—repeals State Postsecondary Review Program.

Section 477—amends subpart 1 of Part H, Title IV to change the heading; amends 496(a) relating to standards required for accrediting agencies; amends section 496(c) regarding operating procedures; and amends section 496 by making the necessary technical and conforming amendments.

Section 478—amends section 498(b)(1) relating to single application form; amends section 498(c) regarding financial responsibility standards; amends section 498(d)(1) relating to administrative capacity; amends section 498(f) regarding actions on applications, site visits and fees; amends section 498(g) by adding a new subsection for time limitations; amends section 498(h)(2) to make conforming amendments; and amends section 498(i) by adding a new paragraph for provisional certification.

Section 479—amends section 498A(a) relating to general authority for program review and data; and amends section 498A(b) by adding a new subsection for special administrative rules.

TITLE V—DEVELOPING INSTITUTIONS

Section 501—establishes a new Title V—Developing Institutions; Part A—Hispanic-Serving Institutions; and Part B—General Provisions.

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

Section 601—amends Title VI for statutory structure by adding new subparts; amends section 601 to add new findings and purposes section for international and foreign language studies; amends section 602(a) relating to graduate and undergraduate national resource centers and adding a new paragraph for authorized activities; amends section 602 by adding new subsections for graduate fellowships for foreign language and area pr international studies and for rules relating to expenses; amends section 603(a) by adding a new paragraph for intensive summer language institutes; amends section 604 by adding a new paragraph for use of funds for undergraduate international studies and foreign language programs, report and evaluation criteria and adds a new subsection relating to funding support; repeals intensive summer language institutes; amends section 606(a) by adding a new paragraph to allow for studies and surveys on the use of technology in foreign language, area and international studies program; amends section 607 to allow technological innovation and cooperation for foreign information access; amends section 610 by adding a new subsection for developmental grants; extends appropriations authorization; and makes the necessary conforming amendments.

Section 602—Business and International Education Programs—amends section 612 regarding centers for international business education; extends appropriations authorization; and makes technical amendments.

Section 603—Institute for International Public Policy—amends section 621(e) relating to minority foreign service professional development program; amends section 622 regarding junior year and summer abroad program; amends section 624 by adding a new subsection for postbaccalaureate internships; amends Title VI by adding a new section for institutional development program and for the interagency committee on minority careers in international affairs; and extends authorization.

Section 604—amends section 631 by adding a new paragraph for definitions; repeals section 632; and makes the necessary redesignations.

Section 605—amends Title VI by adding a new Part B—Graduate Assistance in Areas of National Need; and repeals Title IX.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Section 701—amends section 702(a) for extension of prior rights and obligations.

Section 702—repeals Part A of Title VII; and makes conforming amendments.

Section 703—amends section 727(c) to extend authorization for Part B.

Section 704—amends section 735 to extend authorization for Part C.

TITLE VIII—ADDITIONAL PROVISIONS

Section 801—adds a new section requiring the study of transfer of credits.

Section 802—adds a new section requiring the study of market mechanisms in the federal student loan program.

Section 803—adds a new section for improvements in market information and public accountability in higher education.

Section 804—adds a new section requiring a GAO study on differential regulation.

Section 805—adds a new section requiring an annual report on the cost of higher education.

Section 806—repeals Title XIII of the Higher Education Amendments of 1986; repeals Title XIV of the Higher Education Amendments of 1992; and repeals Parts A, B, C, D, and E of Title XV of the Higher Education Amendments of 1992.

Section 807—prohibits funds appropriated under the Higher Education Act of 1965 or any other Act from being made available to the National Board for Professional Teaching Standards.

TITLE IX—AMENDMENTS TO OTHER LAWS

Part A—Education of the Deaf Act

Section 901—amends section 103(a)(1) by adding a new subparagraph to include the educational liaison as an ex-officio member of the Board of Trustees.

Section 902—amends section 104(b)(3) for compliance under the Individuals with Disabilities Education Act; amends section 104(b)(4)(C) by adding new clauses regarding additional administrative requirements.

Section 903—amends section 105(a) relating to the agreement with Gallaudet University.

Subpart 2—National Institute for the Deaf

Section 911—amends section 112 regarding agreement for the National Technical Institute for the Deaf.

Subpart B—General Provisions

Section 921—amends section 201 relating to the definition of international student.

Section 922—amends section 203(b) regarding independent audits.

Section 923—amends section 204 to make technical amendments.

Section 924—amends section 205(c) to extend appropriations authorization for monitoring, evaluation, and reporting.

Section 925—amends section 206 regarding responsibility of the liaison.

Section 926—amends section 207(b) by adding a new paragraph regarding federal payments; amends 207(d)(2)(C) relating to withdrawals and expenditures; and amends section 207(h) to extend appropriations authorization.

Section 927—repeals section 208 relating to scholarship program.

Section 928—redesignates section 209 regarding oversight and effects of agreements.

Section 929—amends section 210(a) relating to enrollment of international students; and makes conforming amendments.

Section 930—amends section 211 to extend appropriation authorization and increase appropriation levels; and redesignates the section accordingly.

Part B—Extension and revision of Indian higher education programs

Section 951—amends the Tribally Controlled Community College Assistance Act of 1978 for extension to colleges and universities; amends section 103 of the Tribally Controlled Community College Assistance Act by adding a new paragraph for Title I eligible grant recipients; amends section 106 of the Act by adding a new subsection for developing a national accrediting agency for tribal colleges and universities; amends section 108(a)(2) by increasing amounts for Title I grants; amends section 110 by increasing the appropriations authorization for Title I; and amends section 306 and 403 for extension of authorization of appropriations for Titles III and IV.

Section 952—amends Title XIII for reauthorization of provisions from Education Amendments of 1992.

Section 953—amends Section 5(a) of the Navajo Community College Act for reauthorization.

TITLE X—FACULTY RETIREMENT PROVISIONS

Section 1001—amends section 4 of the Age Discrimination in Employment Act of 1967 to allow institutions of higher education to offer voluntary retirement incentive plans.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. This bill amends and reauthorizes the Higher Education Act. The bill does not prevent legislative branch employees from receiving the benefits of this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act requires a statement of whether the provisions of the reported bill include unfunded mandates. This bill amends and reauthorizes the Higher Education Act. The Committee received a letter from the Director of the Congressional Budget Office regarding unfunded mandates (see infra) and the Committee agrees with her analysis.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 2(l)(3)(A) of rule XI and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

STATEMENT OF OVERSIGHT FINDINGS OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

With respect to the requirement of clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 6.

CONSTITUTIONAL AUTHORITY

The Higher Education Act and this bill, H.R. 6, are constitutional under the spending clause of the constitution, Article 1, section 8, clause 1.

COMMITTEE ESTIMATE

Clause 7 of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 6. However, clause 7(d) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirements of clause 2(l)(3)(B) of rule XI of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 2(l)(3)(C) of rule XI of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 6 from the Director of the Congressional Budget Act:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 17, 1998.

Hon. WILLIAM F. GOODLING,
Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 6, the Higher Education Act Amendments of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Enclosure.

H.R. 6—Higher Education Act Amendments of 1998

Summary: H.R. 6 would amend the Higher Education Act of 1965 by reauthorizing several existing programs, authorizing new programs, and repealing others. Authorizations of appropriations under H.R. 6 would total $101 billion for fiscal years 1999–2003, assuming adjustments for inflation. Without adjustments for inflation, authorizations would total $100 billion.

H.R. 6 would also make numerous changes in federal student loan programs. These changes are estimated to reduce direct spending by $185 million in 1998 but increase spending by almost $3.8 billion over the 1999–2003 period.

H.R. 6 contains no intergovernmental or private sector mandates that would exceed the thresholds established in the Unfunded Mandates Reform Act (UMRA).

The estimates assume that H.R. 6 would be enacted by June 1, 1998. Except where provisions have specific effective dates, H.R. 6 would become effective on October 1, 1998.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 6 is shown in Table 1.

The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF H.R. 6

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law						
Budget authority	10,052	0	0	0	0	0
Estimated outlays	9,268	8,335	385	19	0	0
With Adjustment for Inflation						
Total proposed changes						
Estimated authorization levels		17,439	18,516	20,117	21,789	22,927
Estimated outlays		3,168	16,449	18,625	20,337	21,924
Total spending under H.R. 6						
Estimated authorization levels	10,052	17,439	18,516	20,117	21,789	22,927
Estimated outlays	9,268	11,503	16,834	18,644	20,337	21,924

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF H.R. 6—Continued

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Without Adjustment for Inflation						
Total proposed changes:						
Estimated authorization levels		17,439	18,425	19,929	21,501	22,528
Estimated outlays		3,168	16,438	18,543	20,161	21,649
Total spending under H.R. 6:						
Estimated authorization levels	10,052	17,439	18,425	19,929	21,501	22,528
Estimated outlays	9,268	11,503	16,823	18,562	20,161	21,649
DIRECT SPENDING						
Baseline spending under current law:						
Estimated budget authority	3,863	5,182	5,472	5,778	5,078	6,346
Estimated outlays	3,369	4,389	4,882	5,171	4,477	5,751
Proposed changes:						
Estimated budget authority	(1)	710	750	865	970	1,025
Estimated outlays	−185	590	665	740	845	915
Baseline spending under H.R. 6:						
Estimated budget authority	3,863	5,892	6,222	6,643	6,048	7,371
Estimated outlays	3,184	4,979	5,547	5,911	5,322	6,666

[1] Less than $500,000.

Note: Components may not sum to totals due to rounding.

Basis of estimate

Spending subject to appropriation

H.R. 6 would reauthorize several existing discretionary programs within the Higher Education Act of 1965. In addition, some new programs would be authorized, and a number of expiring provisions would be repealed. For most of the programs that would be reauthorized or newly authorized, the bill includes stated amounts of authorizations for fiscal year 1999, plus such sums as may be necessary for the four following fiscal years. CBO assumes current spending patterns in estimating outlays.

Tables 2 and 3 show the estimated impact of H.R. 6 on spending subject to appropriation by title, with and without adjustments for inflation after 1999.

Title I: General Provisions.—Title I would authorize a new performance-based organization (PBO) within the Department of Education for the delivery of student financial aid assistance. The PBO would have a chief operating officer and up to five senior managers whose pay would be linked to their performance in improving student financial aid services. The PBO would have greater flexibility than the Department currently has in its budgeting, procurement, and personnel processes but would have no role in developing policy. Although the policy implications of the creation of this new PBO could be significant, its budgetary implications would be minimal, because the principal activities of the PBO are already being performed by the Department of Education. CBO estimates that this provision would cost an additional $2 million in 1999 and $1 million in each of fiscal years 2000 through 2003 to cover start-up activities and compensation for new personnel.

Title II: Post-Secondary Improvement Programs.—Title II would authorize the Urban Community Service program, a fund for the improvement of post-secondary education, grants to states for workplace and community transition training for incarcerated youth offenders, an advanced placement fee payment program, and teacher quality enhancement grants. These authorizations would total $77 million in fiscal year 1999 and $386 million for fiscal years 1999–2003, not including adjustments for inflation.

TABLE 2.—ESTIMATED IMPACT OF H.R. 6 ON SPENDING SUBJECT TO APPROPRIATION, WITH ADJUSTMENTS FOR INFLATION

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Spending under current law:						
Estimated budget authority	10.052	0	0	0	0	0
Estimated outlays	9.268	8.335	385	19	0	0
Proposed changes:						
Title I. General Provisions:						
Estimated budget authority		2	1	1	1	1
Estimated outlays		2	1	1	1	1
Title II. Post-Secondary Improvement Programs:						
Estimated budget authority		77	79	81	83	85
Estimated outlays		9	62	77	81	83
Title III. Institutional Aid:						
Estimated budget authority		385	343	352	360	370
Estimated outlays		40	269	336	351	360
Title IV. Pell Grants:						
Estimated budget authority		13.249	14.233	15.733	17.303	18.333
Estimated outlays		2.650	13.181	14.513	16.017	17.478
Title IV. Other Student Assistance:						
Estimated budget authority		3.291	3.364	3.442	3.522	3.610
Estimated outlays		413	2.576	3.219	3.381	3.485
Title V. Developing Institutions:						
Estimated budget authority		80	82	84	86	88
Estimated outlays		10	64	80	84	86
Title VI. International and Graduate Education Programs:						
Estimated budget authority		148	152	155	159	164
Estimated outlays		18	119	148	155	159
Title VII. Construction, Reconstruction, and Renovation of Academic Facilities:						
Estimated budget authority		50	51	53	54	55
Estimated outlays		0	15	45	52	53
Title VII. Additional Provisions:						
Estimated budget authority		3	3	1	1	1
Estimated outlays		3	3	1	1	1
Title IX. Amendments to the Education of the Deaf Act of 1986 and Indian Higher Education Act:						
Estimated budget authority		204	209	216	220	220
Estimated outlays		24	160	204	215	219
Total proposed changes:						
Estimated budget authority		17.439	18.516	20.117	21.789	22.927
Estimated outlays		3.168	16.449	18.625	20.337	21.924
Total spending under H.R. 6:						
Estimated budget authority	10.052	17.439	18.516	20.117	21.789	22.927
Estimated outlays	9.268	11.503	16.834	18.644	20.337	21.924

TABLE 3.—ESTIMATED IMPACT OF H.R. 6 ON SPENDING SUBJECT TO APPROPRIATION, WITHOUT ADJUSTMENT FOR INFLATION

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Spending under current law:						
Estimated budget authority	10.052	0	0	0	0	0

Table 3.—ESTIMATED IMPACT OF H.R. 6 ON SPENDING SUBJECT TO APPROPRIATION, WITHOUT ADJUSTMENT FOR INFLATION—Continued

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003
Estimated outlays	9,268	8,335	385	19	0	0
Proposed changes						
Title I: General Provisions						
Estimated budget authority		2	1	1	1	1
Estimated outlays		2	1	1	1	1
Title II: Post-Secondary Improvement Programs:						
Estimated budget authority		77	77	77	77	77
Estimated outlays		9	62	76	77	77
Title III: Institutional Aid:						
Estimated budget authority		335	335	335	335	335
Estimated outlays		40	268	328	335	335
Title IV: Pell Grants:						
Estimated budget authority		13,249	14,233	15,733	17,303	18,333
Estimated outlays		2,650	13,181	14,513	16,017	17,478
Title IV: Other Student Assistance:						
Estimated budget authority		3,291	3,291	3,291	3,291	3,291
Estimated outlays		413	2,566	3,153	3,241	3,266
Title V: Developing Institutions:						
Estimated budget authority		80	80	80	80	80
Estimated outlays		10	64	78	80	80
Title VI: International and Graduate Education Programs:						
Estimated budget authority		148	148	148	148	148
Estimated outlays		18	118	145	148	148
Title VII: Construction, Reconstruction, and Renovation of Academic Facilities:						
Estimated budget authority		50	50	50	50	50
Estimated outlays		0	15	45	50	50
Title VII: Additional Provisions:						
Estimated budget authority		3	3	1	1	1
Estimated outlays		3	3	1	1	1
Title IX: Amendments to the Education of the Deaf Act of 1986 and Indian Higher Education Act:						
Estimated budget authority		204	207	212	214	212
Estimated outlays		24	160	202	211	213
Total proposed changes:						
Estimated budget authority		17,439	18,425	19,929	21,501	22,528
Estimated outlays		3,168	16,438	18,543	20,161	21,649
Total spending under H.R. 6:						
Estimated budget authority	10,052	17,439	18,425	19,929	21,501	22,528
Estimated outlays	9,268	11,503	16,823	18,562	20,161	21,649

Title III: Institutional Aid.—Title III would provide authorizations for grants aimed at strengthening institutions of higher education, including historically black colleges and universities and tribally-controlled colleges and universities. Title III would also reauthorize the minority science and engineering improvement program. Authorizations under Title III would total $335 million in fiscal year 1999, and $1.7 billion for fiscal years 1999–2003, not including adjustments for inflation.

Title IV: Pell Grants.—Title IV–A would reauthorize the Pell grant program and change the formulas used to determine Pell award levels.

CBO has developed a simulation model using a sample of applicants for student aid to estimate the effects of various policy changes on federal spending under the Pell program and student loan programs. Using detailed income, asset, and demographic data for individual students and their families, the model is used to estimate how much students and their families would be expected to contribute to educational costs. For Pell grants, the model also simulates program participation and estimates the amount of federal support necessary to fund the program, based on families' expected contributions, the award rules, the costs of the postsecondary schools that the students attend, and the maximum award level. The figures included in this cost estimate are based on the Department of Education's sample of Pell grant applicants and recipients for the 1996–1997 academic year, the latest year for which complete data are available.

Maximum awards.—The authorized Pell maximum award would be $4,500 for academic year 1999–2000, $4,700 for academic year 2000–2001, $4,900 for academic year 2001–2002, $5,100 for academic year 2002–2003, and $5,300 for academic year 2003–2004. The Pell program is currently authorized only through fiscal year 1998 (academic year 1998–1999). H.R. 6 would increase estimated authorizations by $13.2 billion for fiscal year 1999, $14.2 billion for fiscal year 2000, $15.7 billion for fiscal year 2001, $17.3 billion for fiscal year 2002, and $18.3 billion for fiscal year 2003. CBO estimates that, under the stated maximum grants, 4.6 million students would receive Pell grants in academic year 1999–2000, 4.7 million in 2000–2001, 5.1 million in 2001–2002, 5.4 million in 2002–2003, and 5.5 million in 2003–2004. The average award would be about $2,890 in 1999–2000, $3,000 in 2000–2001, $3,100 in 2001–2002, $3,220 in 2002–2003, and $3,300 in 2003–2004. These estimates assume that the program would be funded at the maximum levels authorized and would include the needs analysis and other changes contained in the bill.

Needs analysis.—Part F of Title IV of the bill would modify the needs analysis formulas used for calculating federal Pell grants. The needs analysis formulas are used to determine the expected family contribution (EFC), or the amount that the federal government expects the parents and the student to contribute toward the student's education. In most cases, the size of the grant is determined by subtracting the EFC from the maximum award. Any change that would lower the EFC would increase an individual's grant.

Under H.R. 6, parents of dependent students who are also enrolled in college courses would no longer be counted as students when determining the parents' contribution from available income. This change would raise the EFC for these families and reduce the Pell award. CBO estimates that this provision would reduce program costs by about $10 million, assuming a $3,000 maximum award (the same level as in 1998–1999).

Under H.R. 6, assets held by dependent students and their parents would be combined and assessed together to determine a family contribution from assets, rather than assessing them separately and at different rates as under current law. Under this bill, dependent students would have to contribute 12 percent of their assets each year towards college, rather than the current 35 percent. CBO estimates that this provision would increase program costs by about $90 million in 1999, assuming a $3,000 maximum award.

H.R. 6 would increase the income protection allowance (IPA) for dependent students and for independent students without children. The IPA is an amount of income that is not expected to be used toward college and is not counted as income as part of the EFC calculations. H.R. 6 would increase the IPA from $2,200 to $3,000 for dependent students, from $4,250 to $5,500 for single students and for married students who are both enrolled in school, and from $7,250 to $8,500 for married students with only one enrolled. CBO estimates that the IPA increases would boost program costs by about $310 million in 1999, assuming a $3,000 maximum award.

H.R. 6 would index these IPA levels to the consumer price index for fiscal year 2000 and beyond. This provision would result in additional costs of about $30 million in 2000, $60 million in 2001, $90 million in 2002, and $120 million in 2003.

Under the bill, negative parental income (after taxes, employment expenses, and the IPA) would count as an offset against the students' available income. CBO estimates that this provision would increase costs by about $180 million in 1999 with a $3,000 maximum award.

H.R. 6 would give student financial aid administrators more discretion in determining a student's EFC. Under current law, a student financial aid administrator can, on a case-by-case basis and under "special circumstances," change the items that go into calculating a student's EFC. H.R. 6 would allow the aid administrator under "extraordinary circumstances" (to be defined by the Secretary of Education) to change a student's EFC itself. Since under current law an aid administrator has the discretion to affect a student's EFC, and since any use of the "extraordinary circumstances" provision would likely need substantial documentation, CBO assumes that this provision would be used infrequently and have a negligible effect on costs.

Other provisions.—Title IV would exclude schools with high loan default rates from participating in the Pell programs. CBO estimates that this provision would reduce Pell costs by about $15 million in 1999, assuming a $3,000 maximum award.

Part G of Title IV contains a provision that would exclude individuals attending college in Micronesia, the Marshall islands, and Palau from receiving Pell awards beginning in 2001. This provision would reduce program costs by $6 million each year assuming a $3,000 maximum award.

Part G authorizes the Secretary of Education to verify income data by confirming that adjusted gross income (AGI) claimed on student financial aid forms corresponds to the AGI declared to the IRS. A recent audit by the Department of Education suggests that approximately 4.4 percent of applicants underreported their incomes and received larger awards than they should have. CBO estimates that the proposed policy could not be implemented until fiscal year 2000. Savings in that year would be $180 million and would total $735 million over the 2000–2003 period.

CBO estimates that other provisions would have little or no budgetary impact. They include increasing the tuition sensitivity formula threshold, increasing the dependent care allowance in cases where the tuition sensitivity formula is used, prorating a student's contribution for periods of enrollment less than nine months, excluding from participation individuals convicted of drug-related offenses, changing the rule dealing with sources of revenues for proprietary schools, and allowing for a distance education demonstration project.

Title IV: Other Student Assistance.—In addition to authorizing Pell grants, Title IV–A would authorize other grants to students. These grants would include work-study grants, TRIO programs, a new High Hopes for College program, federal supplementary education opportunity grants, assistance for students whose families are engaged in migrant and seasonal farm work, a new Frank Tejeda Scholarship, and a Robert C. Byrd Honors Scholarship. With the exception of the High Hopes for College program, these grants would be authorized through 2003. The High Hopes program would be authorized through 2004. Discretionary spending authorized in Part A of Title IV, excluding Pell Grants, totals $3.3 billion for fiscal year 1999 and $16.5 billion from 1999–2003, not including adjustments for inflation.

Title V: Developing Institutions.—Title V would authorize grants to institutions with full-time undergraduate enrollment of at least 25 percent Hispanic students. A qualifying institution would need to provide assurances that at least 50 percent of its Hispanic students are low income. The bill would provide $80 million in fiscal year 1999 and such sums as may be necessary for grants to Hispanic serving institutions. Title V would authorize $400 million over the 1999–2003 period, not including adjustments for inflation.

Title VI: International and Grant Education Programs.—Title VI would authorize funding for international and foreign language studies, a business and international education program, an institute for international public policy, and graduate assistance areas of national need. Authorizations under Title VI would total $148 million in fiscal year 1999 and $740 million for fiscal years 1999–2003, not including adjustments for inflation.

Title VII: Construction, Reconstruction, and Renovation of Academic Facilities.—Title VII would authorize $50 million in 1999 to cover the subsidy costs of loans for construction, reconstruction, and renovation of academic housing and other educational facilities. Estimated authorization levels would total $250 million for fiscal year 1999–2003, not including adjustments for inflation.

Title VIII: Additional Provisions.—Title VIII would authorize several studies on various aspects of higher education. One study would be a report by the Department of Education on the existing practices concerning the transfer of credits between institutions of higher education. The General Accounting Office (GAO) would be required to undertake three studies: an analysis of the potential for using auctions or other market mechanisms in the delivery of student loans, a study on the costs to institutions of higher education of regulations affecting industrial and commercial enterprises, and an annual report on the costs of higher education. The final requirement of Title VIII is a study by the National Center on Education Statistics (NCES) on establishing consistent methodologies for reporting the various costs of the different institutions of higher education.

The report required by the Department of Education is estimated to have insignificant costs. After discussions with GAO staff, CBO estimates that the GAO studies would cost $1.1 million over the 1999–2000 period, with insignificant costs for the ongoing reporting requirement. Based on consultations with NCES staff, CBO estimates that the NCES study would cost $2 million in both 1999 and 2000 and $1 million annually for the ongoing collection and dissemination of data.

Title IX: Amendments to the Education of the Deaf Act of 1986 and Indian Higher Education Act.—Title IX would amend the Education of the Deaf Act by authorizing funds for Gallaudet University and the National Technical Institute for the Deaf (NTID). Under this title, Gallaudet's authorization would total $83 million in 1999 and $430 million for fiscal years 1999–2003; the NTID would receive $45 million in 1999 and $239 million over the years 1999–2003.

Authorizations under Part B of Title IX would target tribally-controlled colleges and universities and would include funds for endowment growth, construction, economic development, teacher training, and the Navajo Community College Act. Total authorizations under Title IX would be about $200 million in 1999 and about $1.1 billion for fiscal years 1999–2003.

Direct spending

Title IV: Student Loans.—This bill makes several changes in the student loan programs, which under current law are expected to guarantee or issue about 52 million loans totaling $210 billion over the 1998–2003 period. The bill would slightly modify the conditions of eligibility for loans and would increase the government's cost of providing loan capital to students and parents. In general, the proposed changes may be generally classified by their impact: changes affecting interest rates for borrowers and lenders, changes affecting guaranty agencies, and changes affecting borrowers. The bill also contains a number of other changes to the program, but these would have relatively small budgetary effects.

Most provisions affecting the student loan programs are assessed under the requirements of credit reform. As such, the budget records all the costs and collections associated with a new loan on a present-value basis in the year the loan is obligated. The costs of all changes affecting outstanding loans are displayed in the year a bill is enacted—in this case 1998.

The changes included in this bill would decrease program costs by $185 million in 1998, but increase costs by $630 million in 1999 and $3.8 billion over the 1998–2003 period (see Table 4). The overall federal discounted cost of providing loan capital to students and parents would be increased by about 2 percentage points per each dollar loaned from an estimated 11.6 percent to 13.6 percent.

TABLE 4.—ESTIMATED IMPACT OF H.R. 6 ON DIRECT SPENDING

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
STUDENT LOANS											
Interest rates[1]											
Budget authority	360	700	725	790	845	870	925	970	1.010	1.050	1.095
Outlays	160	605	650	695	750	780	820	865	895	935	975

TABLE 4.—ESTIMATED IMPACT OF H.R. 6 ON DIRECT SPENDING—Continued

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Guaranty agencies:											
Budget authority	−405	5	16	10	25	40	70	70	70	75	70
Outlays	−385	−20	11	10	25	30	70	70	70	65	70
Borrowers:											
Budget authority	35	23	35	90	130	145	145	145	155	155	160
Outlays	30	23	35	60	110	130	130	135	140	145	145
Other:											
Budget authority	5	5	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])
Outlays	5	5	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])
Interactions among provisions:											
Budget authority	5	17	14	15	10	10	15	15	20	20	25
Outlays	5	17	9	15	0	15	10	10	10	20	15
Subtotal:											
Budget authority	([2])	750	790	905	1.010	1.065	1.155	1.200	1.255	1.300	1.350
Outlays	−185	630	705	780	885	955	1.030	1.080	1.115	1.165	1.205
PERKINS LOAN PROGRAM											
Perkins loan revolving fund:											
Budget authority		−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
Outlays		−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
Perkins loan payoff provision:											
Budget authority		([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])
Outlays		([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])	([2])
Subtotal:											
Budget authority		−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
Outlays		−40	−40	−40	−40	−40	−40	−40	−40	−40	−40
TOTAL											
Budget authority	([2])	710	750	865	970	1.025	1.115	1,160	1.215	1.260	1.310
Outlays	−185	590	665	740	845	915	990	1,040	1,075	1.125	1.165

[1] The estimated costs of the interest rate changes excluding the expected government costs associated with the cap on borrower interest rates are as follows:

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Budget authority	95	185	195	230	250	260	270	280	290	300	310
Outlays	45	150	175	195	220	235	245	255	260	270	280

[2] Less than $500,000.

Changes Affecting Interest Rates for Borrowers and Lenders.—Under current law, a new formula for establishing the variable interest rate on guaranteed and direct student loans is scheduled to take effect in July 1998.[1] The interest rate received by private lenders will be the interest rate on bonds of comparable maturity plus 1.0 percentage points.[2] Borrowers will pay the same rate, but no more than 8.25 percent. To the extent that the yield to lenders exceeds the rate paid by borrowers, the federal government pays lenders the difference, which is called a special allowance. In addition the federal government pays the interest for student borrowers with subsidized loans while they are in school or in a period of grace or deferment.

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[1] Before July 1998, borrowers in the guaranteed and direct student loan programs pay the bond equivalent of the 91-day Treasury bill rate plus 2.5 percentage points while the borrower is in school, grace, and deferment and 3.1 percentage points when the borrower is in repayment. The interest rate cap is 8.25 percent. The interest rate on guaranteed and direct parent loans is the bond equivalent of the 365-day Treasury bill rate plus 3.1 percentage points, with a cap of 9 percent.

[2] The CBO baseline assumes that the rate on bonds of comparable maturity is the 10-year bond rate. Recently, the Administration has indicated that it expects to use a blended rate of 10-year and 20-year maturities.

H.R. 6 would set the rate paid by student borrowers at the bond-equivalent 91-day Treasury bill rate plus 1.7 percentage points while the borrower is in school, grace, or deferment and 2.3 percentage points when the borrower is in repayment. Lenders would receive a rate that would be 50 basis points (0.5 percentage points) higher, and the difference would be paid by the federal government. In addition, the cap of 8.25 percent on borrower's rates would be retained. (The bill would also change the rates on direct and guaranteed parent loans.)

The net budgetary effect of the changes in borrower interest rates and lender yields is to increase federal costs over the 1998–2003 period by about $3.6 billion relative to current law. The increased cost is associated with the new, minimum 50-basis-point special allowance payment as well as the increased exposure of the federal government to interest rate subsidies when rates rise sufficiently to cause the borrowers' interest rates to be constrained by the statutory caps. The proposed new interest rate structure would move the interest rates closer to the caps. Moreover, the 91-day Treasury bill is a more volatile instrument than the 10-year bond rate. These costs are partially offset by higher borrower interest payments in the direct loan program.

In estimating the expected federal costs of the interest rate formula change, CBO used a vector autoregressive model to simulate the variation in interest rates around the CBO's baseline forecast. The model provided probabilities of how often and by how much the simulated rates exceeded the 8.25 percent interest rate cap. These probabilities were then used in CBO's model of the student loan program to estimate changes in subsidy costs.

Changes Affecting Guarantors.—H.R. 6 would restructure the financing of guaranty agencies and divide the current agency reserve funds into federal and agency property. In addition, many of the federal payments to and from the guaranty agencies would be altered by this bill. Overall, the provisions affecting guaranty agencies are estimated to reduce federal costs by $329 million over the 1998–2003 period.

This bill would reduce the federal reinsurance rate on new insured loans from 98 percent to 95 percent; the reinsurance rates for high default agencies would also be lowered. This change would lower costs by $355 million over the next five years.

H.R. 6 would lower the retention allowance on default collections by the guaranty agencies. Currently, agencies are allowed to retain 27 percent of their recoveries from loans that default; the remainder goes to the federal government. This bill would reduce the retention allowance to 24 percent except for consolidations of defaulted loans, where the percentage would be set at 18.5 percent. This change would apply to all default collections as of October 1, 1998, and result in an estimated $385 million in savings over the 1998–2003 period.

The bill would eliminate the payment to guaranty agencies in cases where the agencies assist lenders in attempting to avert defaults. Currently the payment is equal to 1 percent of the principal and interest of loans for which the lenders do not file a default claim for at least 270 days after the loan is determined to be delinquent. The elimination of this payment, which would apply for outstanding as well as new loans, would save $260 million from 1998 to 2003.

The bill would reclaim $150 million in agency reserves over the next five years. Although agency reserves are considered the property of the federal government, federal budgetary documents have never displayed these reserves as assets of the federal government. Consequently, as with the reserves recaptured in the Balanced Budget Act of 1997, the Office of Management and Budget (OMB) has displayed any reserves being reclaimed as offsetting receipts, and CBO has followed this budgetary treatment. The reserves reclaimed under H.R. 6 are estimated to reduce net federal spending by $150 million over the 1999–2003 period.

The bill would establish a new federal subsidy payment to guaranty agencies equal to 0.65 percent of new guaranteed loan volume. Based on CBO's estimate of loan volume, this provision would cost $690 million over the next five years.

The bill would increase the current $150 million annual mandated set-aside of Section 458 funds to be used for administrative costs. The new payments would be 0.12 percent of outstanding guaranteed loan volume for 1999 and 2000 and 0.1 percent thereafter. Section 458 funds would be increased by $131 million over the 1999–2003 period.

Changes Affecting Borrowers (exclusive of changes in interest rates).—H.R. 6 would make numerous changes in the student loan program that could have implications for borrowers. In total, the provisions affecting borrowers—excluding the change in interest rates—would cost the federal government an estimated $388 million over the 1998–2003 period.

The bill would provide for a degree of loan cancellation for some teachers in public or private elementary or secondary schools in school districts eligible for Title I grants and in a school with more than 30 percent of students from low-income families. Teachers would have to be certified (in the case of elementary school teachers) or to be teaching in their college major (in the case of secondary school teachers). Loan cancellation would apply only to subsidized loans received after the first two years of college up to $17,750, and the loans and accrued interest would be canceled according to the following schedule: nothing for the first two years of teaching, 30 percent in each of the third and fourth years, and the remaining 40 percent in the fifth year. Eligibility would be restricted to new loans issued to new borrowers beginning in October 1998. The estimated costs of this provision were based on information from the National Center on Education Statistics on the number of newly hired teachers who are recent college graduates and the number of teachers who teach in the types of schools which would be eligible to participate under this program, as well as information on the number of elementary teachers who are certified to teach and the number of secondary teachers who are teaching in their major. By 2003, over 30,000 new teachers are estimated to be participating in this program. The estimated subsidy costs of the provision are $218 million over the next five years.

This bill would also modify certain rules with regard to loan disbursements, change the calculations determining eligibility for loans, modify various repayment rules and terms and alter loan amounts in certain cases. Estimates for the changes in eligibility requirements and loan amounts are generally derived from simulations from the Pell Grant model described earlier. Together these changes would increase costs by $170 million over the 1998–2003 period.

Other Changes.—H.R. 6 would extend for one additional year an exemption to a rule that would eliminate schools from participating in the student loan program if their default rates for a cohort exceeded 25 percent. In addition, the Secretary of Education would be allowed to continue the exemption on a year-by-year and case-by-case basis for the next two years. CBO estimates that this provision will increase federal costs by $5 million in both fiscal years 1998 and 1999.

Interactions Among Student Loan Provisions.—Because the proposed changes in the student loan programs interact with each other, the total savings from all of the provisions together do not equal the sum of the individual components. For example, changes in loan volume due to changes in eligibility rules would affect the costs of the change in interest rates. When all of the provisions are considered together, the interactions increase the costs by $17 million in 1999 and $61 million through 2003.

Perkins Loans.—Under current law, the Perkins loan revolving fund collects receipts of certain repayments from Perkins loans that have been assigned, referred to, or transferred to the Department of Education. The monies in this fund are to be disbursed by the Secretary to Perkins loan schools in the form of grants for new capital. H.R. 6 would repeal this fund and deposit its current balances in the Treasury. This change would save $200 million over the 1998–2003 period. H.R. 6 would also mandate that the Secretary of Education pay off Perkins loans for borrowers whose schools closed before they completed their course of education. Few borrowers would be affected by this provision, and its cost would be negligible.

Pay-as-you-go considerations: The provisions H.R. 6 would affect direct spending and therefore would be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1990. The pay-as-you-go procedures cover only the current year, the budget year, and the succeeding four years. The pay-as-you-go effects of the bill are shown in the table below.

SUMMARY OF PAY-AS-YOU-GO EFFECTS

[By fiscal year, in millions of dollars]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Change in outlays	−185	590	665	740	845	915	990	1,040	1,075	1,125	1,165
Change in receipts	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

(1) Not applicable.

Intergovernmental and Private-Sector Impact: H.R. 6 contains no intergovernmental or private-sector mandates that would exceed the thresholds established in UMRA. (The threshold for intergovernmental mandates is $50 million in 1996, adjusted annually for inflation. The threshold is $100 million in 1996, adjusted annually for inflation.) The bill would prohibit all creditors, including state, local, and tribal governments, from garnishing grants, loans, or work assistance awarded to students (under Title IV of this bill) to satisfy any debt owed by the student. CBO estimates that any loss of revenue to creditors would not be significant.

The bill's provisions would, on the whole, benefit public institutions of higher education. Although some new requirements would be imposed on these institutions, they would not be considered mandates under UMRA because they would be conditions of receiving federal assistance.

Estimate prepared by: Federal Cost: Deborah Kalcevic, Justin Latus, Josh O'Harra, and Christina Hawley Sadoti; Impact on State, Local, and Tribal Governments: Marc Nicole; Impact on the Private Sector: Nabeel Alsalam.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 **BILL** H.R. 6 **DATE** March 18, 1998
AMENDMENT NUMBER 6 **DEFEATED** 18 - 19
SPONSOR/AMENDMENT Mr. Kildee Amendment in the nature of a substitute for teacher training competitive grant

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA				X
Mr. FAWELL		X		
Mr. BALLENGER		X		
Mr. BARRETT		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. TALENT		X		
Mr. GREENWOOD				X
Mr. KNOLLENBERG		X		
Mr. RIGGS				X
Mr. GRAHAM				X
Mr. SOUDER		X		
Mr. McINTOSH		X		
Mr. NORWOOD		X		
Mr. PAUL				X
Mr. SCHAFFER		X		
Mr. PETERSON		X		
Mr. UPTON		X		
Mr. DEAL		X		
Mr. HILLEARY		X		
Mr. SCARBOROUGH				X
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO				X
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
TOTALS	18	19		8

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 **BILL** H.R. 6 **DATE** March 18, 1998
AMENDMENT NUMBER 8 **DEFEATED** 19 - 20
SPONSOR/AMENDMENT Mr. Owens / Amendment for information technology partnerships

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. FAWELL		X		
Mr. BALLENGER		X		
Mr. BARRETT		X		
Mr. HOEKSTRA				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. TALENT		X		
Mr. GREENWOOD		X		
Mr. KNOLLENBERG		X		
Mr. RIGGS				X
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. McINTOSH		X		
Mr. NORWOOD		X		
Mr. PAUL				X
Mr. SCHAFFER		X		
Mr. PETERSON				X
Mr. UPTON		X		
Mr. DEAL				X
Mr. HILLEARY		X		
Mr. SCARBOROUGH		X		
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO	X			
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
TOTALS	19	20		6

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 3 **BILL** H.R. 6 **DATE** March 18, 1998
AMENDMENT NUMBER 9 **DEFEATED** 20 - 23
SPONSOR/AMENDMENT Mr. Owens / Amendment to increase authorization for HBCU's

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. FAWELL		X		
Mr. BALLENGER		X		
Mr. BARRETT		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. TALENT		X		
Mr. GREENWOOD		X		
Mr. KNOLLENBERG		X		
Mr. RIGGS				X
Mr. GRAHAM		X		
Mr. SOUDER		X		
Mr. McINTOSH		X		
Mr. NORWOOD	X			
Mr. PAUL		X		
Mr. SCHAFFER		X		
Mr. PETERSON		X		
Mr. UPTON		X		
Mr. DEAL		X		
Mr. HILLEARY		X		
Mr. SCARBOROUGH		X		
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO	X			
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
TOTALS	20	23		2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 4 **BILL** H.R. 6 **DATE** March 18, 1998
AMENDMENT NUMBER 10 **PASSED 24 - 18 with 1 Member Voting Present**
SPONSOR/AMENDMENT Mr. Fattah / Amendment to establish the High Hopes for College Partnership Program

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman		X		
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA		X		
Mr. FAWELL		X		
Mr. BALLENGER		X		
Mr. BARRETT		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE			X	
Mr. JOHNSON		X		
Mr. TALENT		X		
Mr. GREENWOOD		X		
Mr. KNOLLENBERG		X		
Mr. RIGGS				X
Mr. GRAHAM		X		
Mr. SOUDER	X			
Mr. McINTOSH	X			
Mr. NORWOOD		X		
Mr. PAUL		X		
Mr. SCHAFFER		X		
Mr. PETERSON	X			
Mr. UPTON	X			
Mr. DEAL		X		
Mr. HILLEARY		X		
Mr. SCARBOROUGH	X			
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO	X			
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
TOTALS	24	18	1	2

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 5 **BILL** H.R. 6 **DATE** March 18, 1998
AMENDMENT NUMBER 13 **PASSED** 19 - 14
SPONSOR/AMENDMENT Mr. Romero-Barcelo / To establish the Frank Tejeda Scholarship Program

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman	X			
Mr. PETRI, Vice Chairman		X		
Mrs. ROUKEMA				X
Mr. FAWELL		X		
Mr. BALLENGER		X		
Mr. BARRETT		X		
Mr. HOEKSTRA		X		
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON				X
Mr. TALENT		X		
Mr. GREENWOOD				X
Mr. KNOLLENBERG				X
Mr. RIGGS				X
Mr. GRAHAM		X		
Mr. SOUDER				X
Mr. McINTOSH		X		
Mr. NORWOOD				X
Mr. PAUL				X
Mr. SCHAFFER		X		
Mr. PETERSON				X
Mr. UPTON		X		
Mr. DEAL		X		
Mr. HILLEARY		X		
Mr. SCARBOROUGH				X
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY				X
Mr. ROMERO-BARCELO	X			
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
TOTALS	19	14		12

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 6 **BILL** H.R. 6 **DATE** March 18, 1998

DEFEATED 14 - 18

SPONSOR/AMENDMENT Mr. Scott / Motion to reconsider the vote on the Romero-Barcelo amendment #13

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mrs. ROUKEMA				X
Mr. FAWELL	X			
Mr. BALLENGER	X			
Mr. BARRETT	X			
Mr. HOEKSTRA	X			
Mr. McKEON	X			
Mr. CASTLE	X			
Mr. JOHNSON				X
Mr. TALENT	X			
Mr. GREENWOOD				X
Mr. KNOLLENBERG				X
Mr. RIGGS				X
Mr. GRAHAM	X			
Mr. SOUDER				X
Mr. McINTOSH	X			
Mr. NORWOOD				X
Mr. PAUL				X
Mr. SCHAFFER		X		
Mr. PETERSON				X
Mr. UPTON	X			
Mr. DEAL	X			
Mr. HILLEARY	X			
Mr. SCARBOROUGH				X
Mr. CLAY		X		
Mr. MILLER		X		
Mr. KILDEE		X		
Mr. MARTINEZ				X
Mr. OWENS				X
Mr. PAYNE		X		
Mrs. MINK		X		
Mr. ANDREWS		X		
Mr. ROEMER		X		
Mr. SCOTT		X		
Ms. WOOLSEY				X
Mr. ROMERO-BARCELO		X		
Mr. FATTAH		X		
Mr. HINOJOSA		X		
Mrs. McCARTHY		X		
Mr. TIERNEY		X		
Mr. KIND		X		
Ms. SANCHEZ		X		
Mr. FORD		X		
Mr. KUCINICH		X		
TOTALS	14	18		13

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 7 **BILL** H.R. 6 **DATE** March 19, 1998

PASSED 38 - 3

SPONSOR/AMENDMENT Mr. McKeon - Motion to report the bill as amended to the House with the recommendation that the bill as amended do pass

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. GOODLING, Chairman	X			
Mr. PETRI, Vice Chairman	X			
Mrs. ROUKEMA	X			
Mr. FAWELL	X			
Mr. BALLENGER	X			
Mr. BARRETT	X			
Mr. HOEKSTRA	X			
Mr. McKEON	X			
Mr. CASTLE				X
Mr. JOHNSON		X		
Mr. TALENT		X		
Mr. GREENWOOD	X			
Mr. KNOLLENBERG	X			
Mr. RIGGS				X
Mr. GRAHAM	X			
Mr. SOUDER	X			
Mr. McINTOSH	X			
Mr. NORWOOD	X			
Mr. PAUL		X		
Mr. SCHAFFER	X			
Mr. PETERSON	X			
Mr. UPTON	X			
Mr. DEAL	X			
Mr. HILLEARY	X			
Mr. SCARBOROUGH				X
Mr. CLAY	X			
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. MARTINEZ				X
Mr. OWENS	X			
Mr. PAYNE	X			
Mrs. MINK	X			
Mr. ANDREWS	X			
Mr. ROEMER	X			
Mr. SCOTT	X			
Ms. WOOLSEY	X			
Mr. ROMERO-BARCELO	X			
Mr. FATTAH	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Ms. SANCHEZ	X			
Mr. FORD	X			
Mr. KUCINICH	X			
TOTALS	38	3		4

HOUSE OF REPRESENTATIVES
Washington, DC, April 8, 1998.

Hon. WILLIAM F. GOODLING,
Chairman, Committee on Education and the Workforce, Rayburn House Office Building, Washington, DC.

DEAR MR. CHAIRMAN. On roll call vote number seven, regarding reporting H.R. 6 to the House floor, I was unavoidably detained due to legislative duties. Had I been present, I would have voted aye.

I would appreciate your inserting this letter into the Committee's report. Thank you for your attention to this matter.

Sincerely,

MICHAEL N. CASTLE,
Member of Congress.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Higher Education Act of 1965".

[TITLE I—PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

[PART A—SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS

[SEC. 101. PURPOSE.

[It is the purpose of this part to encourage partnerships between institutions of higher education or State higher education agencies and secondary schools serving low-income and disadvantaged students, to support programs that—

[(1) improve the retention and graduation rates at such secondary schools;

[(2) improve the academic skills of public and private nonprofit secondary school students;

[(3) increase such students' opportunities to continue a program of education after secondary school; and

[(4) improve such students' prospects for employment after secondary school.

[SEC. 102. AGREEMENT.

[(a) AGREEMENT.—To be eligible for a grant under this part, an institution of higher education, a State higher education agency, or a consortium consisting of any of the preceding entities thereof shall enter into a written partnership agreement with a local educational agency. Such partnership may include businesses, labor organizations, professional associations, community-based organizations, public television stations or other telecommunications entities, or other public or private agencies or organizations. Each entity participating in the partnership shall sign the agreement.

[(b) Contents of Agreement.—The agreement shall include—

[(1) a listing of all participants in the partnership, including a designation of the official representatives of each entity participating in the partnership;

[(2) a description of the responsibilities of each participant in the partnership; and

[(3) a listing of the resources to be contributed by each participant in the partnership.

[SEC. 103. GRANTS.

[(a) Division Between School-Year and Summer Programs.—From the funds appropriated to carry out this part pursuant to section 106, the Secretary shall reserve 65 percent of such funds to carry out programs operating during the regular school year and 35 percent of such funds to carry out programs operating during the summer.

[(b) Amount and Use of Grants.—

[(1) Amount.—The Secretary shall make grants under this part in amounts which are not less than $250,000 and not more than $1,000,000.

[(2) Permitted uses of funds.—Grants under this part may be used by the partnership for programs that—

[(A) use college students to tutor secondary school students and improve their basic academic skills or to involve secondary school students in community service-learning projects;

[(B) are designed to improve the basic academic skills of secondary school students;

[(C) are designed to increase the understanding of specific subjects of secondary school students;

[(D) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

[(E) are designed to increase the prospects for employment after graduation of secondary school students.

[(c) Preferences.—In making grants under this part, the Secretary shall give a preference to—

[(1) programs which will serve predominantly low-income communities;

[(2) partnerships which will run programs during the regular school year and summer;

[(3) programs which will serve educationally disadvantaged students; students with disabilities; potential dropouts; pregnant adolescents and teenage parents; children of migratory agricultural workers or of migratory fishermen; or students whose native language is other than English; and

[(4) programs designed to encourage women and minorities who are underrepresented in the fields of science and mathematics to pursue these fields.

[(d) DURATION.—Each grant awarded under this part may be awarded for a period not to exceed 5 years.

[(e) EQUITABLE GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under this part in a manner that achieves an equitable geographic distribution of such grants.

[SEC. 104. GRANT APPLICATION.

[(a) APPLICATION REQUIRED.—A partnership desiring to receive a grant under this part shall submit an application to the Secretary, in such form and providing such information as the Secretary, by regulation, shall require.

[(b) CONTENTS OF APPLICATION.—The application shall include—

[(1) the partnership agreement described in section 102;

[(2) a listing of the public and private nonprofit secondary school or schools to be involved in the program;

[(3) a description of the activities and services for which assistance is sought:

[(4) a description of the programs to be developed and operated by the partnership; and

[(5) assurances to the Secretary that—

[(A) the partnership will establish a governing body including one representative of each participant in the partnership;

[(B) Federal funds will provide no more than 70 percent of the cost of the project in the first year, 60 percent of such costs in the second year, and 50 percent of such costs in the third year and any subsequent year;

[(C) a local educational agency or institution of higher education receiving funds under this part shall not reduce its combined fiscal effort per student or its aggregate expenditure on education;

[(D) a local educational agency or institution of higher education participating in this partnership shall utilize any Federal funds it shall receive from a grant under this part to supplement, and, to the extent practicable, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students described in this part; and

[(E) in no case shall funds under such a grant be used to supplant non-Federal funds already available.

[(c) SPECIAL RULE.—The non-Federal share of grants awarded under this part may be in cash or in kind fairly evaluated, including services, supplies or equipment.

[(d) WAIVER.—The Secretary may waive the matching requirement described in paragraph (5)(B) for any eligible partnership that demonstrates to the satisfaction of the Secretary a unique hardship that prevents compliance with such matching requirement.

[SEC. 105. PEER REVIEW.

[The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with officials of the other Federal agencies and with non-Federal organizations to ensure that the panel membership shall be geographically balanced and be composed of representatives from public and private institutions of elementary, secondary, and higher education, labor, business, and State and local governments, who have expertise in community service or in education.

[SEC. 106. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

[PART B—ARTICULATION AGREEMENTS

[SEC. 121. FINDINGS AND PURPOSE.

[(a) FINDINGS.—The Congress finds that—

[(1) because more than one-half of all first-time first-year students attending postsecondary institutions attend community or junior colleges, and because almost one-half of minority students enrolled in higher education attend 2-year institutions, community and junior colleges represent a substantial and an important educational resource;

[(2) declining participation rates for low-income students and minorities at institutions of higher education is of growing concern to the higher education community and Congress; and

[(3) there is growing awareness of the need to assist low-income, minority and other nontraditional students in bridging the gap between 2-year to 4-year institutions, enabling such students to reach their individual potential, as well as contribute to the larger society.

[(b) PURPOSE.—The purpose of this part is to improve the educational opportunities of this Nation's postsecondary students by creating comprehensive articulation agreements and planning between partnerships of 2-year and 4-year institutions of higher education.

[SEC. 122. AUTHORIZATION OF GRANTS.

[(a) ASSISTANCE FOR ARTICULATION PARTNERSHIPS.—From amounts appropriated for this part, the Secretary shall make grants to States to enable States to make awards, either on a competitive basis or on the basis of a formula determined by the State, to articulation partnerships between—

[(1) a qualified 2-year institution; and

[(2) a qualified 4-year institution.

[(b) QUALIFIED INSTITUTIONS.—For purposes of this part—

[(1) a qualified 2-year institution is an institution of higher education (as determined under section 481(a)) that is an eligible institution under section 435(a) and that—

[(A) is a nonprofit institution that offers a 2-year associate degree or a 2-year certificate program; or

[(B) is a proprietary institution that offers a 2-year associate degree program; and

[(2) a qualified 4-year institution is an institution of higher education (as determined under section 481(a)) that is an eligible institution under section 435(a) and that offers a baccalaureate degree program.

[(c) Allocation and State Grants.—

[(1) Formula allocation.—In any fiscal year for which the amount made available under section 129 to carry out the provisions of this part equals or exceeds $50,000,000, the Secretary shall allot an amount that bears the same ratio to the amount appropriated under section 129 for such fiscal year as the total amount received under title IV by students attending institutions of higher education in that State for such fiscal year bears to the total amount received under title IV by all students for such fiscal year, based on the most recent year for which such data are available.

[(2) Competitive grants.—In any fiscal year for which the amount made available under section 129 to carry out the provisions of this part do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this part, to make grants to States to carry out articulation agreements under sections 124 and 125.

[SEC. 123. STATE APPLICATION.

[Each State that desires to receive a grant under this part shall submit an application to the Secretary in such form and containing or accompanied by such information as the Secretary may require. Such application shall—

[(1) after consultation with the State agencies responsible for supervision of community colleges, technical institutes, or other 2-year postsecondary institutions, designate a sole State agency as the State agency responsible for the administration and supervision of activities carried out with assistance under this part;

[(2) describe how funds will be allocated in a manner consistent with section 124;

[(3) contain assurances that the State will comply with the requirements of this part;

[(4) provide for an annual submission of data concerning the use of funds and students served with assistance under this part; and

[(5) provide that the State will keep such records and provide such information to the Secretary as may be required for purposes of financial audits and program evaluation.

[SEC. 124. LOCAL APPLICATIONS.

[Any articulation partnership comprised of qualified institutions that desires to receive a grant from a State under this part shall submit an application to the State in such form and containing or accompanied by such information as the State may require and shall—

[(1) include in the articulation agreement—

[(A) assurances that academic credit earned at the qualified institution described in section 122(b)(1) will be transferable to the qualified institution or institutions as described in section 122(b)(2);

[(B) development of articulation agreement programs and services appropriate to the needs of the partnership participants;

[(C) activities that facilitate the development of programs and services appropriate to the needs of the students attending courses covered by the articulation agreement;

[(D) inservice training for faculty designed to implement effective articulation agreements;

[(E) counseling services; and

[(F) information concerning programs contained in the articulation agreement;

[(2) include assurances that the articulation partnership has the qualified personnel required—

[(A) to develop, administer, and implement the program required by this part; and

[(B) to provide special training necessary to prepare staff for the program; and

[(3) include a plan of operation for the program which includes a description of—

[(A) the program goals;

[(B) the uses of funds as required by paragraph (2);

[(C) the activities and services which will be provided under the program (including training and preparation of staff); and

[(D) the subject areas to be included in the articulation agreement.

[SEC. 125. ARTICULATION AGREEMENT.

[(a) LENGTH OF GRANT.—Each recipient of a grant from a State shall use the amounts provided under the grant to develop and operate articulation agreements for 6 years.

[(b) USE OF FUNDS.—Funds provided to an articulation partnership under this part may be used—

[(1) to perform any activity or program required by section 124;

[(2) as part of the program's planning activities, to acquire technical assistance from Federal, State, or local entities that have successfully designed, established, and operated articulation programs;

[(3) to provide workshops with students and teachers, counseling for students to continue their education to a bachelors degree, orientation visits at institutions participating in the partnerships;

[(4) to develop agreements with local educational agencies for vocational course equivalency approval procedures for purposes of satisfying entrance requirements to qualified institutions; and

[(5) to provide outreach to potential students.

[SEC. 126. STATE ADMINISTRATION.

[A State may reserve not more than 3 percent of the amounts available under this part for any fiscal year for State administrative costs including monitoring and technical assistance.

[SEC. 127. PRIORITY.

[The State shall give priority to grant applications for programs which—

[(1) encourage teacher education;

[(2) have, as one of the partners participating in an articulation agreement, an entity participating in an articulation agreement described in section 344(b)(1) of the Carl D. Perkins Vocational and Applied Technology Education Act;

[(3) contribute their own institutional resources;

[(4) are not subject to a default reduction agreement under section 428F;

[(5) encourage technology education; or

[(6) encourage articulation in subject areas of national importance as determined by the Secretary.

[SEC. 128. REPORTS.

[(a) STATE REPORTS.—Each State shall submit to the Secretary an annual report on the operation of the program under this part in such State during the preceding year. Such report shall include such information as the Secretary may require by regulation.

[(b) EVALUATION AND DISSEMINATION.—

[(1) EVALUATION.—The Secretary shall, on the basis of the reports submitted under subsection (a), evaluate all or a sample of the programs conducted under this part for the purposes of—

[(A) determining the success or failure of such programs in increasing access and entry of students from 2-year institutions to 4-year institutions; and

[(B) identifying the most successful programs under this part and the causes for such success.

[(2) DISSEMINATION.—The Secretary shall, not later than January 31, 1996, submit a report to the Congress on the results of the evaluation described in paragraph (1). The Secretary shall disseminate the findings made pursuant to subparagraph (B) through appropriate agencies and organizations.

[(3) RESERVATION.—The Secretary may reserve up to 3 percent of the amount appropriated under section 129 to carry out this subsection.

[SEC. 129. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part, $25,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART C—ACCESS AND EQUITY TO EDUCATION FOR ALL AMERICANS THROUGH TELECOMMUNICATIONS

[SEC. 131. PROGRAM ESTABLISHED; AUTHORIZATION OF APPROPRIATIONS; ELIGIBILITY.

[(a) GENERAL AUTHORITY.—The Secretary is authorized to make grants to eligible partnerships to enable such partnerships to pay the Federal share of the cost of the activities described in the application submitted pursuant to section 132.

[(b) AUTHORIZATIONS OF APPROPRIATIONS.—

[(1) IN GENERAL.—There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(2) AVAILABILITY.—Funds appropriated pursuant to the authority of paragraph (1) shall remain available until expended.

[(c) ELIGIBLE PARTNERSHIP.—For the purpose of this part the term "eligible partnership" means a partnership which—

[(1) shall consist of—

[(A) a public broadcasting entity or a consortium thereof; and

[(B) an institution of higher education or a consortium thereof; and

[(2) may also include a State, a unit of local government, or a public or private nonprofit organization.

[(d) FEDERAL SHARE.—The Federal share shall be 50 percent.

[SEC. 132. APPLICATION.

[(a) IN GENERAL.—Each eligible partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such manner and containing or accompanied by such information as the Secretary may reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to paragraph (1) shall—

[(1) describe the education telecommunications activities or services to be assisted;

[(2) describe the administrative and management structure supporting such activities or services;

[(3) provide assurances that the financial interests of the United States in the telecommunications equipment, software and other facilities shall be protected for the useful life of such equipment, software or facilities;

[(4) describe the manner in which nontraditional postsecondary education students will benefit from the activities and services supported;

[(5) describe the manner in which special services, including captioned films, television, descriptive video and education media for individuals with disabilities, shall be supported; and

[(6) provide assurances that the eligible partnership will provide the non-Federal share of assistance under this part.

[(c) APPROVAL OF APPLICATIONS.—

[(1) IN GENERAL.—The Secretary shall, in approving applications under this part, give priority to applications which describe programs that—

[(A) include support for services to make captioned films, descriptive video and educational media available to individuals with disabilities who otherwise lack access to such educational materials;

[(B) will provide, directly or indirectly, activities or services to a significant number of postsecondary institutions;

[(C) improve access to accredited telecommunications coursework for individuals with disabilities otherwise denied such access;

[(D) will be available in a multistate area;

[(E) include evidence of significant support for the program from the business community; or

[(F) provide matching funds, in an amount which exceeds the required non-Federal share.

[(2) EQUITABLE GEOGRAPHIC DISTRIBUTION OF ASSISTANCE.—In approving applications under this part the Secretary shall ensure the equitable geographic distribution of grants awarded under this part.

[SEC. 133. AUTHORIZED ACTIVITIES.

[Grants awarded under this part shall be used for one or more of the following activities:

[(1) The acquisition of site equipment to provide the technical ability to receive diverse education services at schools, campuses, and work site locations.

[(2) Satellite, fiber optic and other distribution systems, and for local broadcast or other local distribution capability.

[(3) Pre-service or in-service education and training for kindergarten through 12th grade teachers through interactive television conferencing.

[(4) Preparation of telecommunications programs and software that support national, regional or statewide efforts to provide teaching and learning materials not otherwise available for local use.

[(5) A loan service of captioned films, descriptive video and educational media in order to make such materials available, in accordance with regulations issued by the Secretary, in the United States for nonprofit purposes to individuals with disabilities, parents of individuals with disabilities, and other individuals directly involved in activities for the advancement of individuals with disabilities, including addressing problems of illiteracy among individuals with disabilities.

[SEC. 134. DEFINITION.

[For the purpose of this part, the term "public broadcasting entity" has the same meaning given to such term by section 397(11) of the Communications Act of 1934.

[SEC. 135. REPORT.

[(a) IN GENERAL.—Each recipient of a grant under this part shall submit a report to the Secretary not later than 30 days after the conclusion of the grant period.

[(b) CONTENTS.—Each report described in subsection (a) shall include—

[(1) a description of activities and services assisted under this part;

[(2) a description of the population served by the program; and

[(3) an assessment of the ability of private sector entities participating in the eligible partnership to continue the support of the activities and services in the absence of Federal funding.

[(c) DISSEMINATION.—The Secretary shall select reports received under this subsection that are appropriate for dissemination to the education community and shall make such reports available through the National Diffusion Network.]

[TITLE XII—GENERAL PROVISIONS]

TITLE I—GENERAL AND ADMINISTRATIVE PROVISIONS

PART A—GENERAL PROVISIONS

SEC. [1201.] *101.* DEFINITIONS.

As used in this Act—

[(a) The term "institution of higher education" means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time. Such term also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provision of clauses (1), (2), (4), and (5). Such term also includes a public or nonprofit private educational institution in any State which, in lieu of the requirement in clause (1), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located. For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines, pursuant to subpart 2 of part H of title IV of this Act, to be reliable authority as to the quality of the education or training offered.

[(b) The term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the government of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.]

(a) INSTITUTION OF HIGHER EDUCATION.—

(1) IN GENERAL.—Subject to paragraphs (2) through (4) of this subsection:

(A) PRINCIPAL CRITERIA.—The term "institution of higher education" means an educational institution in any State that—

(i) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate;

(ii) is legally authorized within such State to provide a program of education beyond secondary education;

(iii) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program that is acceptable for full credit toward such a degree;

(iv) is a public or other nonprofit institution; and

(v) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.

(B) ADDITIONAL INSTITUTIONS INCLUDED.—The term "institution of higher education" also includes—

(i) any school that provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and that meets the provision of clauses (i), (ii), (iv), and (v) of subparagraph (A); and

(ii) a public or nonprofit private educational institution in any State that, in lieu of the requirement in subparagraph (A)(i), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

(C) LIST OF ACCREDITING AGENCIES.—For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations that he determines, pursuant to subpart 2 of part H of title IV of this Act, to be reliable authority as to the quality of the education or training offered.

(2) DEFINITION FOR PURPOSES OF TITLE IV PROGRAMS.—

(A) INCLUSION OF ADDITIONAL INSTITUTIONS.—Subject to subparagraphs (B) through (D) of this paragraph, the term "institution of higher education" for purposes of title IV of this Act includes, in addition to the institutions covered by the definition in paragraph (1) of this subsection—

(i) a proprietary institution of higher education;

(ii) a postsecondary vocational institution; and

(iii) only for the purposes of part B of title IV, an institution outside the United States that is comparable to an institution of higher education as defined in paragraph (1) of this subsection and that has been approved by the Secretary for the purpose of part B of title IV.

(B) INSTITUTIONS OUTSIDE THE UNITED STATES.—

(i) For the purpose of qualifying as an institution under subparagraph (A)(iii) of this paragraph, the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for

the determination that such institutions are comparable to an institution of higher education as defined in paragraph (1) of this subsection. In the case of a graduate medical school outside the United States, such criteria shall include a requirement that a student attending a graduate medical school outside the United States is ineligible for loans made, insured, or guaranteed under part B of this title unless—

(I)(aa) at least 60 percent of those enrolled and at least 60 percent of the graduates of the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

(bb) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

(II) the institution's clinical training program was approved by a State as of January 1, 1992.

(ii) For the purpose of qualifying as an institution under subparagraph (A)(iii) of this paragraph, the Secretary shall establish an advisory panel of medical experts that shall—

(I) evaluate the standards of accreditation applied to applicant foreign medical schools; and

(II) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

If such accreditation standards are determined not to be comparable, the foreign medical school shall be required to meet the requirements of paragraph (1) of this subsection.

(iii) The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by clause (i) of this subparagraph shall render such institution ineligible for the purpose of part B of title IV.

(iv) If, pursuant to this subparagraph, an institution loses eligibility to participate in the programs under title IV, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

(C) LIMITATIONS BASED ON COURSE OF STUDY OR ENROLLMENT.—An institution shall not be considered to meet the

definition of an institution of higher education in subparagraph (A) of this paragraph if such institution—

(i) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act;

(ii) enrolls 50 percent or more of its students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this clause to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree;

(iii) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the prohibition of this clause for a nonprofit institution that provides a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree or diploma, respectively; or

(iv) has a student enrollment in which more than 50 percent of the students do not have a high school diploma or its recognized equivalent and does not provide a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree, respectively, except that the Secretary may waive the limitation contained in this clause if a nonprofit institution demonstrates to the satisfaction of the Secretary that it exceeds such limitation because it serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a high school diploma or its recognized equivalent.

(D) LIMITATIONS BASED ON MANAGEMENT.—An institution shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if—

(i) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy; or

(ii) the institution, its owner, or its chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under title IV, or has been judicially determined to have committed fraud involving funds under title IV.

(E) CERTIFICATION.—The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 2 of part H.

(F) Loss of eligibility.—An institution of higher education shall not be considered to meet the definition of an institution of higher education in subparagraph (A) of this paragraph if such institution is removed from eligibility for funds under title IV as a result of an action pursuant to part H of title IV.

(3) Proprietary institution of higher education.—

(A) Principal criteria.—For the purpose of this subsection, the term "proprietary institution of higher education" means a school that—

(i) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

(ii) meets the requirements of clauses (i) and (ii) of paragraph (1)(A) of this subsection;

(iii) does not meet the requirement of clause (iv) of paragraph (1)(A) of this subsection;

(iv) is accredited by a nationally recognized accrediting agency or association approved by the Secretary pursuant to part H of title IV;

(v) has been in existence for at least 2 years; and

(vi) has at least 15 percent of its revenues from sources that are not derived from funds provided under title IV, as determined in accordance with regulations prescribed by the Secretary.

In determining such 15 percent of revenues for purposes of clause (vi), funds from programs of education and training that do not meet the definition of an eligible program in section 481(b), but are provided on a contractual basis under Federal, State, or local training programs, or under specialized business and industry training requests, shall be counted.

(B) Additional institutions.—The term "proprietary institution of higher education" also includes a proprietary educational institution in any State that, in lieu of the requirement in clause (i) of paragraph (1)(A) of this subsection, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

(4) Postsecondary vocational institution.—

(A) Principal criteria.—For the purpose of this subsection, the term "postsecondary vocational institution" means a school that—

(i) provides an eligible program of training to prepare students for gainful employment in a recognized occupation;

(ii) meets the requirements of clauses (i), (ii), (iv), and (v) of paragraph (1)(A) of this subsection; and

(iii) has been in existence for at least 2 years.

(B) Additional institutions.—The term "postsecondary vocational institution" also includes an educational institution in any State that, in lieu of the requirement in clause (i) of paragraph (1)(A) of this subsection, admits as regular students persons who are beyond the age of compulsory

school attendance in the State in which the institution is located.

(b) State; Freely Associated States.—

(1) State.—The term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Freely Associated States.

(2) Freely associated states.—The term "Freely Associated States" means the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia.

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SEC. [1202.] *102.* ANTIDISCRIMINATION.

(a) * * *

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SEC. [1203.] *103.* FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS.

(a) * * *

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SEC. [1204.] *104.* FEDERAL CONTROL OF EDUCATION PROHIBITED.

[(b)] Nothing contained in this Act or any other Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the membership practices or internal operations of any fraternal organization, fraternity, sorority, private club or religious organization at an institution of higher education (other than a service academy or the Coast Guard Academy) which is financed exclusively by funds derived from private sources and whose facilities are not owned by such institution.

SEC. [1204.] *105.* TREATMENT OF TERRITORIES AND TERRITORIAL STUDENT ASSISTANCE.

(a) * * *

(b) Notwithstanding any other provision of law, an institution of higher education that is located in any of the freely associated states, rather than a State, shall be eligible, if otherwise qualified, for assistance under chapter 1 of subpart 2 of part A of title IV of this Act. *This subsection shall cease to be effective on October 1, 2001.*

SEC. [1205.] *106.* NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

(a) Establishment.—There is established in the Department a National Advisory Committee on Institutional Quality and Integrity (hereafter in this section referred to as the "Committee"), which shall be composed of 15 members appointed by the Secretary from among individuals who are representatives of, or knowledgeable concerning, education and training beyond secondary education, including representatives of all sectors and types of institutions of higher education (as defined in section [481(a)] *101(a)*), to assess the process of eligibility and certification of such institutions under title IV of this Act and the provision of financial aid under title IV of this Act. The Secretary may also appoint to the Committee representatives of the general public serving on the National Advisory Committee on Accreditation and Institutional Eligibility (as such Committee was in existence on the date of enactment of the Higher Education Amendments of 1992).

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SEC. [1207.] *107.* STUDENT REPRESENTATION.

The Secretary shall, in appointing individuals to any commission, committee, board, panel, or other body in connection with the administration of this Act, include individuals who are, at the time of appointment, attending an institution of higher education.

SEC. [1208.] *108.* FINANCIAL RESPONSIBILITY OF FOREIGN STUDENTS.

Nothing in this Act or any other Federal law shall be construed to prohibit any institution of higher education from requiring a student who is a foreign national (and not admitted to permanent residence in the United States) to guarantee the future payment of tuition and fees to such institution by (1) making advance payment of such tuition and fees, (2) making deposits in an escrow account administered by such institution for such payments, or (3) obtaining a bond or other insurance that such payments will be made.

SEC. [1209.] *109.* DISCLOSURES OF FOREIGN GIFTS.

(a) * * *

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SEC. [1210.] *110.* APPLICATION OF PEER REVIEW PROCESS.

All applications submitted under the provisions of this Act which require peer review shall be read by a panel of readers composed of individuals selected by the Secretary which shall include outside readers who are not employees of the Federal Government. The Secretary shall ensure that no individual assigned under this section to review any application has any conflict of interest with regard to that application which might impair the impartiality with which that individual conducts the review under this section.

SEC. [1213.] *111.* DRUG AND ALCOHOL ABUSE PREVENTION.

(a) * * *

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SEC. 112. REGULATORY REFORM.

(a) BIENNIAL REVIEW OF REGULATIONS.—In every even-numbered year (beginning with 1998), the Secretary—

(1) shall review all regulations issued under title IV of the Higher Education Act of 1965 in effect at the time of the review that apply to the operations or activities of any participant in those programs; and

(2) shall determine whether any such regulation is no longer necessary in the public interest.

(b) EFFECT OF DETERMINATION.—The Secretary shall repeal, consolidate, simplify, or otherwise modify any regulation the Secretary determines to be no longer necessary in the public interest.

(c) REPORT TO CONGRESS.—The Secretary shall report to the Congress any legislative changes necessary to permit regulatory simplification under this section.

PART B—ADMINISTRATIVE PROVISIONS FOR DELIVERY OF STUDENT FINANCIAL ASSISTANCE

SEC. 131. PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF FEDERAL STUDENT FINANCIAL ASSISTANCE.

(a) ESTABLISHMENT AND PURPOSE.—

(1) ESTABLISHMENT.—There is established in the Department a Performance-Based Organization (hereafter referred to as the "PBO") which shall be a discrete management unit responsible for managing the information systems supporting the programs authorized under title IV of this Act, as specified in subsection (b).

(2) PURPOSES.—The purposes of the PBO are—

(A) to improve the level of service to students and participants in the programs;

(B) to reduce the costs of administering the Federal student financial assistance programs authorized under title IV;

(C) to increase the accountability of the officials responsible for administering the operational aspects of these programs;

(D) to provide greater flexibility in the management of the operational functions of the Federal student financial assistance programs;

(E) to integrate the information systems supporting the Federal student financial assistance programs; and

(F) to implement an open, common, integrated system for the delivery of student financial assistance under title IV.

(b) AUTHORITY.—

(1) AUTHORITY OF SECRETARY.— Notwithstanding any other provision of this Act, the Secretary shall maintain responsibility for the development and promulgation of policy relating to the programs of student financial assistance under title IV. In the exercise of its functions, the PBO shall be subject to the direction of the Secretary. The Secretary shall—

(A) request the advice of, and work in cooperation with, the Chief Operating Officer in developing regulations, policies, administrative guidance, or procedures affecting the information systems administered by the PBO, and other functions performed by the PBO;

(B) request cost estimates from the Chief Operating Officer for system changes required by specific policies proposed by the Secretary;

(C) consider the Chief Operating Officer's comments and estimates prior to finalizing such regulations, policies, administrative guidance, or procedures;

(D) assist the Chief Operating Officer in identifying goals for the administration and modernization of the delivery system for student financial assistance under title IV; and

(E) if necessary, arrange for additional funding to ensure that the PBO can efficiently perform its functions.

(2) FUNCTIONS.—The PBO shall carry out the following functions:

(A) All aspects of contracting for the data and information systems supporting student financial assistance under title IV, including the operational administration of the William D. Ford Federal Direct Loan Program, but not including the development of policy relating to such programs.

(B) The administrative, accounting, and financial management functions of the delivery system for Federal student assistance, including—

(i) the collection, processing and transmission of applicant data to students, institutions and authorized third parties, as provided for in section 483;

(ii) technical specifications for software development and systems supporting the delivery of student financial assistance under title IV;

(iii) information technology and systems infrastructure related to the delivery and management of student financial assistance under title IV;

(iv) all software and hardware acquisitions and all information technology contracts related to the delivery and management of student financial assistance under title IV; and

(v) all customer service, training and user support related to the functions described in clauses (i) through (iv).

(C) Annual development of a budget for the operations and services of the PBO, in consultation with the Secretary, and for consideration and inclusion in the Department's annual budget submission.

(D) Annual development of goals, in consultation with the Secretary, for the administration and modernization of the system for delivery of student financial assistance under title IV.

(E) Other functions proposed by the Secretary, and agreed to by the Chief Operating Officer as are not inconsistent with the functions of the PBO.

(3) INDEPENDENCE.—In carrying out its functions, the PBO shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions.

(4) REVIEW OF PBO.—The PBO shall be subject to the usual and customary Federal audit procedures, and be subject to review by the Inspector General of the Department.

(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of funding the administrative costs incurred by the PBO in administering systems supporting programs under this part, there are authorized to be appropriated such sums as may be necessary for fiscal year 1999 and each of the 4 succeeding fiscal years, except that funds authorized under section 458 shall be made available to the PBO by the Secretary for administrative costs authorized to be funded under that section.

(d) ORGANIZATIONAL REPORTS.—

(1) PERFORMANCE PLAN.—Within 6 months of the hiring of the Chief Operating Officer, and every 12 months thereafter, the

Secretary and the Chief Operating Officer of the Department shall develop a performance plan for the PBO that establishes measurable goals and objectives for the organization. In developing this performance plan, the Secretary and the Chief Operating Officer shall consult with the Committee on Education and the Workforce of the House of Representatives, the Committee on Labor and Human Resources of the Senate, and the Advisory Committee on Student Financial Assistance. The performance plan shall include a concise statement of goals for a modernized system for the delivery of student financial assistance under title IV and identify action steps necessary to achieve such goals. Such goals shall be used in evaluating the performance of the Chief Operating Officer and the PBO pursuant to paragraph (2).

(2) ANNUAL ACCOUNTABILITY REPORT.—The Chief Operating Officer shall prepare and submit an annual accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. The accountability report shall include—

(A) an independent financial audit of the expenditures of both the PBO and programs administered by it;

(B) financial and performance requirements applicable to the PBO under the Chief Financial Officer Act of 1990 and the Government Performance and Results Act of 1993;

(C) the results achieved by the PBO during the year relative to the goals established in the organization's performance plan;

(D) the results of the evaluations of performance of the Chief Operating Officer and senior managers under subsections (e)(2) and (f)(2), including the amounts of bonus compensation awarded to these individuals;

(E) a discussion of the effectiveness of coordination between the PBO and the Secretary;

(F) recommendations for legislative and regulatory changes to improve service to students and their families, and to or improve program efficiency and integrity; and

(G) other such information as the Director of the Office of Management and Budget shall prescribe for performance based organizations.

(e) CHIEF OPERATING OFFICER.—

(1) IN GENERAL.—The management of the PBO shall be vested in a Chief Operating Officer who shall be appointed by the Secretary to a 5-year term and compensated without regard to chapters 33, 51, and 53 of title 5, United States Code. The Secretary shall appoint the Chief Operating Officer within 6 months of the date of enactment of this part. The Secretary shall consult with the Chairmen of the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate prior to making an appointment. The appointment shall be made on the basis of demonstrated management ability and expertise in information technology, including extensive experience in the financial services industry, and without regard to political affili-

ation or activity. The Secretary may reappoint the Chief Operating Officer to subsequent terms so long as the performance of the Chief Operating Officer, as set forth in the performance agreement, is satisfactory or better. The Chief Operating Officer may be removed by—

(A) the President; or

(B) the Secretary, for misconduct or failure to meet performance goals set forth in the performance agreement in paragraph (2).

The President or Secretary shall communicate the reasons for any such removal to the appropriate committees of Congress.

(2) PERFORMANCE AGREEMENT.—The Secretary and the Chief Operating Officer shall enter into an annual performance agreement which shall set forth measurable organization and individual goals for the Chief Operating Officer in key operational areas. The agreement shall be subject to review and renegotiation at the end of each term. The final agreement shall be transmitted to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate, and made publicly available.

(3) COMPENSATION.—The Chief Operating Officer is authorized to be paid at an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(B) of such title 5. In addition, the Chief Operating Officer may receive a bonus in an amount up to, but not in excess of, 50 percent of such annual rate of basic pay, based upon the Secretary's evaluation of the Chief Operating Officer's performance in relation to the performance goals set forth in the performance agreement described in paragraph (2). Payment of a bonus under this paragraph may be made to the Chief Operating Officer only to the extent that such payment does not cause the Chief Operating Officer's total aggregate compensation in a calendar year to equal or exceed the amount of the President's salary under section 102 of title 3, United States Code.

(f) SENIOR MANAGEMENT.—

(1) IN GENERAL.—The Chief Operating Officer may appoint up to 5 senior managers as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) PERFORMANCE AGREEMENT.—The Chief Operating Officer shall enter into an annual performance agreement with each senior manager appointed under this subsection which shall set forth measurable organization and individual goals in key operational areas. The agreement shall be subject to review and renegotiation at the end of each term.

(3) COMPENSATION.—The Chief Operating Officer is authorized to pay senior managers at an annual rate of basic pay not

to exceed 75 percent of the maximum rate of basic pay for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of such title 5. In addition, a senior manager may receive a bonus in an amount up to, but not in excess of, 50 percent of such annual rate of basic pay, based upon the Chief Operating Officer's evaluation of the manager's performance in relation to the performance goals set forth in the performance agreement described in paragraph (2).

(g) PERSONNEL FLEXIBILITY.—

(1) PERSONNEL CEILINGS.—The PBO shall not be subject to any ceiling relating to the number or grade of employees.

(2) ADMINISTRATIVE FLEXIBILITY.—The Chief Operating Officer shall work with the Office of Personnel Management to develop and implement personnel flexibilities in staffing, classification, and pay that meet the needs of the PBO, subject to compliance with title 5, United States Code.

(h) ESTABLISHMENT OF A FAIR AND EQUITABLE SYSTEM FOR MEASURING STAFF PERFORMANCE.—The PBO shall establish an annual performance management system, subject to compliance with title 5, United States Code and consistent with applicable provisions of law and regulations, which strengthens the organizational effectiveness of the PBO by providing for establishing goals or objectives for individual, group, or organizational performance (or any combination thereof), consistent with the performance plan of the PBO and its performance planning procedures, including those established under the Government Performance and Results Act of 1993, and communicating such goals or objectives to employees.

(i) PROCUREMENT FLEXIBILITY.—

(1) IN GENERAL.—Except as provided in this subsection, the PBO shall abide by all applicable Federal procurement laws and regulations when procuring property and services. The PBO shall—

(A) enter into contracts for information systems supporting the programs authorized under title IV to carry out the functions set forth in subsection (b)(2); and

(B) obtain the services of experts and consultants without regard to section 3109 of title 5, United States Code and set pay in accordance with such section.

(2) PERFORMANCE BASED SERVICING CONTRACTS.—The Chief Operating Officer shall, to the extent practicable, maximize the use of performance based servicing contracts, consistent with guidelines for such contracts published by the Office of Federal Procurement Policy, to achieve cost savings and improve service.

(3) FEE FOR SERVICE ARRANGEMENTS.—The Chief Operating Officer shall, to the extent practicable and consistent with the purpose of the PBO, utilize services available outside of the Federal Government in the delivery of Federal student financial assistance. To achieve this purpose, the PBO is authorized to pay fees to an organization that are equivalent to those paid by other entities for such services, if the Chief Operating Officer de-

termines that such organization currently provides an information system or service that meets the requirements of the PBO.

(j) Focus Groups.—To facilitate information sharing and customer involvement, the Chief Operating Officer may establish focus groups composed of students, institutions, and other participants in the programs authorized by title IV to provide advice on student aid delivery matters.

SEC. 132. ADMINISTRATIVE SIMPLIFICATION OF STUDENT AID DELIVERY.

(a) In General.—The Secretary, and the Chief Operating Officer shall improve the efficiency and effectiveness of the student aid delivery system by encouraging and participating in the establishment of voluntary consensus standards and requirements for the electronic transmission of information necessary for the administration of programs under title IV.

(b) Adoption of Voluntary Consensus Standards.—Except with respect to the common financial reporting form under section 483(a), the Secretary shall adopt voluntary consensus standards for transactions required under title IV, and common data elements for such transactions, to enable information to be exchanged electronically between systems administered by the Department and among participants in the Federal student aid delivery system.

(c) Requirements for Adoption of Voluntary Consensus Standards.—Any voluntary consensus standard adopted under this section shall—

(1) be a standard that has been developed, adopted, or modified by a standard setting organization that is open to the participation of the various entities engaged in the delivery of Federal student financial assistance; and

(2) be consistent with the objective of reducing the administrative costs of delivering student financial assistance under title IV.

(d) Participation in Standard Setting Organizations.—

(1) The Chief Operating Officer shall participate in the activities of standard setting organizations in carrying out the provisions of this section.

(2) The Chief Operating Officer shall encourage higher education groups seeking to develop common forms, standards, and procedures in support of the delivery of Federal student financial assistance to conduct these activities within a standard setting organization.

(3) The Chief Operating Officer may pay necessary dues and fees associated with participating in standard setting organizations pursuant to this subsection from funds available under subsection (j).

(e) Procedures for Adoption and Implementation of Voluntary Consensus Standards.—In adopting voluntary consensus standards and implementation timetables under this section, including modifications of existing standards, the Secretary shall follow the procedures for negotiated rulemaking in section 492.

(f) Initial Voluntary Consensus Standards To Be Adopted.—Through coordinated participation between the Chief Operating Officer and standard setting organizations, the initial standards adopted by the Secretary shall include the following:

(1) ELECTRONIC PERSONAL IDENTIFIER NUMBER.—The Secretary shall adopt standards for a single electronic personal identifier number for students receiving assistance under title IV.

(2) ELECTRONIC SIGNATURE.—The Secretary, in coordination with the Secretary of Commerce, shall adopt standards specifying procedures for the electronic transmission and authentication of signatures with respect to transactions requiring a signature under title IV.

(3) SINGLE INSTITUTIONAL IDENTIFIER.—The Secretary shall adopt standards for a single identifier for eligible institutions under title IV.

(g) USE OF CLEARINGHOUSES.—Nothing in this section shall restrict the ability of participating institutions and lenders from using a clearinghouse to comply with the standards for the exchange of information established under this section.

(h) APPLICABILITY TO CURRENT SYSTEMS.—

(1) GENERAL RULE.—Except as provided in paragraph (2) and (3), this section shall apply to all Department of Education information systems supporting the delivery of programs under title IV no later than 12 months from the date of enactment of this part.

(2) NATIONAL STUDENT LOAN DATA SYSTEM.—This section shall apply to sections 485B(e) and (f) no later than 18 months after the date of enactment of this part.

(3) INTEGRATED POSTSECONDARY EDUCATION DATA SYSTEM.—The Secretary shall coordinate the adoption of voluntary consensus standards under this section to ensure that standards are compatible with the integrated postsecondary education data system (IPEDS).

(i) DATA SECURITY.—Any entity that maintains or transmits information under a transaction covered by this section shall maintain reasonable and appropriate administrative, technical, and physical safeguards—

(1) to ensure the integrity and confidentiality of the information; and

(2) to protect against any reasonably anticipated security threats, or unauthorized uses or disclosures of the information.

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated in any fiscal year or made available from funds appropriated to carry out activities in this section in any fiscal year such sums as may be necessary to carry out the provisions of this section, except that if no funds are appropriated pursuant to this subsection, the Secretary shall make funds available to carry out this section from amounts appropriated for the operations and expenses of the Department of Education.

(k) DEFINITIONS.—For purposes of this section:

(1) The term "voluntary consensus standard" means a standard developed or used by a standard setting organization accredited by the American National Standards Institute.

(2) The term "standard setting organization" means a standard setting organization accredited by the American National Standards Institute that develops standards for information

transactions, data elements, or any other standard that is necessary to, or will facilitate, the implementation of this section.

(3) For purposes of this section, the term "clearinghouse" means a public or private entity that processes or facilitates the processing of nonstandard data elements into data elements conforming to standards adopted under this section.

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

PART A—URBAN COMMUNITY SERVICE

SEC. [1101.] *201*. FINDINGS.

The Congress finds that—

(1) * * *

*   *   *   *   *   *   *

SEC. [1102.] *202*. PURPOSE; PROGRAM AUTHORIZED.

(a) * * *

(b) PROGRAM AUTHORIZED.—The Secretary is authorized to carry out a program of providing assistance to eligible institutions to enable such institutions to carry out the activities described in section [1104] *204* in accordance with the provisions of this part.

SEC. [1103.] *203*. APPLICATION FOR URBAN COMMUNITY SERVICE GRANTS.

(a) * * *

*   *   *   *   *   *   *

SEC. [1104.] *204*. ALLOWABLE ACTIVITIES.

Funds made available under this part shall be used to support planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to assist urban communities to meet and address their pressing and severe problems, such as the following:

(1) * * *

*   *   *   *   *   *   *

(12) Other problem areas which participants in the consortium described in section [1103(a)(2)(B)] *203(a)(2)(B)* concur are of high priority in the urban area.

*   *   *   *   *   *   *

(14) Improving access to technology in local communities.

SEC. [1105.] *205*. PEER REVIEW.

The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary may consult with other appropriate Cabinet-level officials and with non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of representatives from public and private institutions of higher education, labor, business, State and local government, who have expertise in urban community service or in education.

SEC. [1106.] *206.* DISBURSEMENT OF FUNDS.

(a) * * *

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SEC. [1107.] *207.* DESIGNATION OF URBAN GRANT INSTITUTIONS.

The Secretary shall publish a list of eligible institutions under this part and shall designate these institutions of higher education as "Urban Grant Institutions". The Secretary shall establish a national network of Urban Grant Institutions so that the results of individual projects achieved in one metropolitan area can then be generalized, disseminated, replicated and applied throughout the Nation. *The information developed as a result of this section shall be made available to Urban Grant Institutions and to any other interested institution of higher education by any appropriate means, including the Internet.*

SEC. [1108.] *208.* DEFINITIONS.

As used in this part:

(1) URBAN AREA.—The term "urban area" means a metropolitan statistical area having a population of not less than 350,000, or two contiguous metropolitan statistical areas having a population of not less than 350,000, or, in any State which does not have a metropolitan statistical area which has such a population, the entity of the State having an agreement or submitting an application under section **[**1103**]** *203*, or, if no such entity has an agreement, the Secretary shall designate one urban area for the purposes of this part.

*　　*　　*　　*　　*　　*　　*

SEC. [1109.] *209.* AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $20,000,000 for fiscal year **[**1993**]** *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this part.

PART [A] *B*—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

SEC. [1001.] *221.* FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) AUTHORITY.—The Secretary is authorized to make grants to, or enter into contracts with, institutions of higher education or combinations of such institutions and other public and private nonprofit institutions and agencies, to enable such institutions and combinations of such institutions to improve postsecondary education opportunities by—

(1) * * *

*　　*　　*　　*　　*　　*　　*

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; **[**and**]**

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto[.]; *and*

(9) awarding an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of area program centers that foster the development of local affiliated chapters in high-poverty areas to improve graduation rates and postsecondary attendance through the provision of academic support services and scholarship assistance for the pursuit of postsecondary education.

* * * * * * *

SEC. [1002.] *222*. NATIONAL BOARD OF THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) * * *

* * * * * * *

SEC. [1003.] *223*. ADMINISTRATIVE PROVISIONS.

(a) * * *

* * * * * * *

SEC. [1011.] *224*. SPECIAL PROJECTS.

(a) * * *

* * * * * * *

(c) AREAS OF NATIONAL NEED.—Areas of national need shall initially include, but shall not be limited to, the following:

[(1) International exchanges.

[(2) Campus climate and culture.

[(3) Evaluation and dissemination.]

(1) institutional restructuring to improve learning and promote productivity, efficiency, quality improvement, and cost and price control;

(2) articulation agreements between two-year and four-year institutions;

(3) evaluation and dissemination of model programs; and

(4) international cooperation and student exchange among postsecondary educational institutions.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

SEC. 225. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART [E] *C*—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS

SEC. [1091.] *231.* GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

(a) * * *

* * * * * * *

[(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1995 and such sums as may be necessary for fiscal year 1996 and each of the four succeeding fiscal years.]

(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1999 and such sums as may be necessary for each of the four succeeding fiscal years.

PART D—ADVANCED PLACEMENT FEE PAYMENT PROGRAM

SEC. 241. ADVANCED PLACEMENT FEE PAYMENT PROGRAM.

(a) PROGRAM ESTABLISHED.—The Secretary of Education is authorized to make grants to States to enable the States to reimburse individuals to cover part or all of the cost of advance placement test fees, to low-income individuals who—

(1) are enrolled in an advanced placement class; and

(2) plan to take an advanced placement test.

(b) INFORMATION DISSEMINATION.—The State educational agency shall disseminate information on the availability of test fee payments under this section to eligible individuals through secondary school teachers and guidance counselors.

(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for grants the Secretary of Education shall—

(1) require that each such application contain a description of the advance placement test fees the State will pay on behalf of individual students;

(2) require an assurance that any funds received under this section shall only be used to pay advanced placement test fees; and

(3) contain such information as the Secretary may require to demonstrate that the State will ensure that the student is eligible for payments under this section, including the documentation required by chapter [illegible] of subpart 2 of part A of title IV of the Higher Education Act of 1965.

(d) SUPPLEMENTATION OF FUNDING.—Funds provided under this section shall be used to supplement and not supplant other Federal, State, and local or private funds available to assist low-income individuals in paying for advanced placement testing.

(e) REGULATIONS.—The Secretary of Education shall prescribe such regulations as are necessary to carry out this section.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $3,600,000 for fiscal year 1999 and such sums as

may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

(g) Definition.—As used in this section:

(1) Advanced placement test.—The term "advanced placement test" includes only an advanced placement test approved by the Secretary of Education for the purposes of this section.

(2) Low-income individual.—The term "low-income individual" has the meaning given the term in section 402A(g)(2) of the Higher Education Act of 1965.

PART E—TEACHER QUALITY ENHANCEMENT GRANTS

SEC. 271. PURPOSE.

The purposes of this part are—

(1) to provide competitive grants to States for assistance in strengthening the quality of the teaching force by improving the academic knowledge of teachers in the subject areas in which they teach;

(2) to hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach, including training in the effective uses of technologies in the classroom; and

(3) to recruit high quality individuals, including individuals from other occupation, into the teaching force.

SEC. 272. ELIGIBILITY.

(a) Eligible States.—

(1) Applications.—To be eligible to receive a grant under this part, a Governor shall, at the time of the initial grant application, submit an application to the Secretary that meets the requirements of this part.

(2) Contents of application.—Such application shall include a description of how the State intends to use funds provided under this part and such other information and assurances as the Secretary may require.

(3) Nothing under this part shall be construed to negate or supersede the legal authority, under State law of any State agency, State entity, or State public official over programs that are under the jurisdiction of the agency, entity, or official.

SEC. 273. USE OF FUNDS.

(a) Required Activities.—The Governor of a State that receives a grant under this subpart shall—

(1) use a portion of such grant to carry out one or more of the following activities:

(A) reforming State teacher certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified and assigned to teach;

(B) providing prospective teachers alternatives to schools of education through programs at colleges of arts and sciences or at nonprofit organizations;

(C) funding programs which establish or expand alternative routes to State certification for highly qualified individuals from other occupations;

(D) developing and implementing effective mechanisms to expeditiously remove incompetent or unqualified teachers; and

(E) implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach; and

(2) use a portion of such grant to establish a lighthouse partnership consisting of the Governor, an exemplary institution of higher education which prepares teachers, and a local educational agency and which may also consist of other institutions of higher education, public charter schools, and public and private nonprofit elementary and secondary schools, for the purpose of carrying out one or more of the following activities:

(A) creating opportunities for enhance and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which they are certified to teach or in which they are working toward certification to teach;

(B) providing programs designed to implement the successful integration of technology into teaching and learning;

(C) implementing reforms which hold institutions of higher education with teacher preparation programs accountable for preparing teachers who are highly competent in the academic content areas in which they plan to teach;

(D) reforming State certification requirements to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach; and

(E) recruiting minorities, and others, into the teaching and counseling profession, including education paraprofessionals, former military personnel, and mid-career professionals, by providing financial and other assistance related to instruction, induction, mentoring and support services.

SEC. 274. COMPETITIVE AWARDS.

(a) Competitive Basis for Awards.—The Secretary shall make annual grants under this part on a competitive basis.

(b) Peer Review Panel.—The Secretary shall provide the applications submitted by Governors under section 272 to a peer review panel for evaluation. With respect to each application, the peer review panel shall initially recommend the application for funding or for disapproval.

(c) Priority.—In recommending applications to the Secretary, the panel shall give priority to applications from States with proposals which promise initiatives to reform State teacher certification requirements which are designed to ensure that current and future teachers possess the necessary academic content knowledge in the subject areas in which they are certified to teach or which include innovative reforms to hold institutions of higher education with teacher preparation programs accountable for preparing teachers

who are highly competent in the academic content areas in which they plan to teach.

(d) RANKING OF APPLICATIONS.—With respect to each application recommended for funding, the panel shall assign the application a rank, relative to other recommended applications, based on the priority described in subsection (c), the extent to which the application furthers the purposes of this part, and the overall quality of the application, based on the quality and scope of State-supported strategies to improve quality of teacher preparation and their teaching force.

(e) RECOMMENDATION OF AMOUNT.—With respect to each application recommended for funding, the panel shall make a recommendation to the Secretary with respect to the amount of the grant that should be made.

(f) SECRETARIAL SELECTION.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine, based on the peer review panel's recommendations, which applications shall receive funding and the amounts of such grants. In determining grant amounts, the Secretary shall take into account the total amount of funds available for all grants under this part and the types of activities proposed to be carried out.

(2) EFFECT OF RANKING BY PANEL.—In making grants under this part, the Secretary shall select applications according to the ranking of the applications by the peer review panel, except in cases where the Secretary determines, for good cause, that a variation from that order is appropriate.

(g) MATCHING REQUIREMENT.—Each State receiving funds under this part shall provide, from non-Federal sources, an amount equal to 1/2 of the amount of the grant in cash or in kind to carry out the activities supported by the grant.

(h) LIMITATION ON ADMINISTRATIVE EXPENSES.—A State that receives a grant under this part may use not more than 2 percent of the grant funds for administrative costs.

(i) REPORTING.—

(1) IN GENERAL.—A Governor that receives a grant under this section shall submit an accountability report to the Secretary and the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate. Such reports shall include a description of the degree to which the State, in using these funds, has made substantial progress in meeting the following goals:

(A) Raising the State academic standards required to enter the teaching profession.

(B) Increasing the percentage of classes taught in core academic subject areas by teachers fully certified by the State to teach in those subject areas.

(C) Decreasing shortages of qualified teachers in poor urban and rural areas.

(D) Increasing opportunities for enhanced and ongoing professional development which improves the academic content knowledge of teachers in the subject areas in which

they are certified to teach or in which they are working toward certification to teach.

(2) ACCOUNTABILITY OF STATE INSTITUTION OF HIGHER EDUCATION.—Prior to receiving funds under this part, a State shall demonstrate that at least 80 percent of graduates of each of the exemplary institutions of higher education in any partnership described in section 273(a)(2) who enter the field of teaching pass all applicable State qualification assessments of new teachers, which must include assessments of each prospective teacher's subject matter knowledge in the content area or areas in which the teacher provides instruction. Prior to each subsequent receipt of funds under this part, such State shall demonstrate that 70 percent of the graduates of each institution of higher education in the State have met such goal and continue to progress to exceed such goal. Such assessment shall be at least as rigorous as those in place on the date of enactment of this Act and shall have qualifying scores no lower than those in place on date of enactment of this Act.

(3) PROVISION TO PEER REVIEW PANEL.—The Secretary shall provide the reports submitted under paragraph (1) to the peer review panel convened under subsection (b). The panel shall use such accountability report in recommending applications for subsequent funding under this section.

(i) TEACHERS QUALIFICATIONS PROVIDED TO PARENT UPON REQUEST.—Any local educational agency that participates as an eligible applicant or partner under this part shall make available, upon request and in an understandable and uniform format, to any parent of a student attending any school in the local educational agency, information regarding the qualifications of the students classroom teacher, both generally and with regard to the subject matter in which the teacher provides instruction.

SEC. 275. LIMITATIONS.

(a) FEDERAL CONTROL PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law. This section shall not be construed to bar private, religious, or home schools from participation in programs or services under this part.

(b) NO CHANGE IN STATE CONTROL ENCOURAGED OR REQUIRED.—Nothing in this part shall be construed to encourage or require any change in a State's treatment of any private, religious, or home school, whether or not a home school is treated as a private school or home school under State law.

(c) NATIONAL SYSTEM OF TEACHER CERTIFICATION PROHIBITED.—Nothing in this part shall be construed to permit, allow, encourage, or authorize any national system of teacher certification.

SEC. 276. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—There are authorized to be appropriated to carry out this part, $18,500,000 for fiscal years 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(b) TRANSITION.—Notwithstanding any other provision of law, the Secretary may use funds appropriated under subsection (a) to complete awards under the original grant period for projects that were funded under subpart 2 of part E of title V of this Act, as in effect prior to enactment of the Higher Education Amendments of 1998.

TITLE III—INSTITUTIONAL AID

* * * * * * *

PART A—STRENGTHENING INSTITUTIONS

SEC. 311. PROGRAM PURPOSE.

(a) * * *

(b) GRANTS AWARDED; SPECIAL CONSIDERATION.—(1) * * *

(2) Special consideration shall be given to any eligible institution—

(A) which has endowment funds (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) the market value of which, per full-time equivalent student, is less than the average current market value of the endowment funds, per full-time equivalent student (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) at similar institutions; [or] *and*

(B) which has expenditures per full-time equivalent student for library materials which is less than the average of the expenditures for library materials per full-time equivalent student by other similarly situated institutions.

[(3) Special consideration shall be given to applications which propose, pursuant to the institution's plan, to engage in—

[(A) faculty development;

[(B) funds and administrative management;

[(C) development and improvement of academic programs;

[(D) acquisition of equipment for use in strengthening funds management and academic programs;

[(E) joint use of facilities such as libraries and laboratories; and

[(F) student services.]

(3) Special consideration shall be given to applications which propose, pursuant to the institution's plan, the use of funds for integrating computer technology into institutional facilities to create smart buildings.

(c) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities;

(3) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

(4) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

(5) tutoring, counseling, and student service programs designed to improve academic success;

(6) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

(7) joint use of facilities, such as laboratories and libraries;

(8) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

(9) establishing or improving an endowment fund;

(10) creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services; and

(11) other activities proposed in the application submitted pursuant to subsection (c) that—

(A) contribute to carrying out the purposes of this section; and

(B) are approved by the Secretary as part of the review and acceptance of such application.

(d) ENDOWMENT FUND LIMITATIONS.—

(1) PORTION OF GRANT.—An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

(2) MATCHING REQUIRED.—An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

(3) REGULATIONS.—The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.

* * * * * * *

SEC. 312. DEFINITIONS; ELIGIBILITY.

(a) * * *

* * * * * * *

(g) ENDOWMENT FUND.—For the purpose of this part, the term "endowment fund" means a fund that—

(1) is established by State law, by an institution of higher education, or by a foundation that is exempt from Federal income taxation;

(2) is maintained for the purpose of generating income for the support of the institution; and

(3) does not include real estate.

SEC. 313. DURATION OF GRANT.

(a) AWARD PERIOD.—The Secretary may award a grant to an eligible institution under this part for 5 years, *except that no institution shall be eligible to secure a subsequent 5-year grant award under this part until two calendar years have elapsed since the expiration of its most recent 5-year grant award.*

(b) LIMITATIONS.—In awarding grants under this part the Secretary shall give priority to applicants who are not already receiving a grant under this part, except that for the purpose of this subsection a grant under *subsection (c) and a grant under* section 354(a)(1) shall not be considered a grant under this part.

* * * * * * *

[SEC. 314. APPLICATION REVIEW PROCESS.

[(a) REVIEW PANEL.—(1) All applications submitted under part A by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary which shall include outside readers who are not employees of the Federal Government. The Secretary shall ensure that no individual assigned under this section to review any application has any conflict of interest with regard to that application which might impair the impartiality with which that individual conducts the review under this section.

[(2) The Secretary shall take care to include as readers representatives of historically and predominantly Black colleges, Hispanic institutions, Native American colleges and universities, and institutions with substantial numbers of students who are Hispanic, Native American, Asian American, and Native American Pacific Islander (including Native Hawaiians).

[(3) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under part A, including—

[(A) explanations and examples of the types of activities referred to in section 311(b) that must receive special consideration for grants awarded under part A;

[(B) an enumeration of the factors to be used to determine the quality of applications submitted under part A; and

[(C) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under part A, the amount of any such grant, and the duration of any such grant.

[(b) RECOMMENDATIONS OF PANEL.—In awarding grants under part A, the Secretary shall take into consideration the recommendations of the panel established under subsection (a).

[(c) NOTIFICATION.—Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under part A of—

[(1) the scores given the applicant by the panel pursuant to this section;

[(2) the recommendations of the panel with respect to such application; and

[(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under part A and any modifications, if any, in the recommendations of the panel made by the Secretary.]

SEC. 314. APPLICATIONS.

Each eligible institution desiring to receive assistance under this part shall submit an application in accordance with the requirements of section 351.

* * * * * * *

[SEC. 316. HISPANIC-SERVING INSTITUTIONS.

[(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

[(b) DEFINITIONS.—For the purpose of this section—

[(1) the term "Hispanic-serving institution" means an institution of higher education which—

[(A) is an eligible institution under section 312(b);

[(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students;

[(C) provides assurances that—

[(i) not less than 50 percent of its Hispanic students are low-income individuals who are first generation college students; and

[(ii) another 25 percent of its Hispanic students are either low-income individuals or first generation college students;

[(2) the term "first generation college student" means—

[(A) an individual both of whose parents did not complete a baccalaureate degree; or

[(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree; and

[(3) the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

[(c) AUTHORIZED ACTIVITIES.—

[(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs.

[(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—

[(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

[(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

[(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

[(D) curriculum development and academic instruction;

[(E) purchase of library books, periodicals, microfilm, and other educational materials;

[(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

[(G) joint use of facilities such as laboratories and libraries; and

[(H) academic tutoring and counseling programs and student support services.

[(d) APPLICATION PROCESS.—

[(1) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this Act shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is a Hispanic-serving institution as defined in paragraph (1) of subsection (b), along with such other information and data as the Secretary may by regulation require.

[(2) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the information and data submitted under paragraph (1)) may submit an application for assistance under this section to the Secretary. Such application shall include—

[(A) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low-income students; and

[(B) such other information and assurance as the Secretary may require.

[(3) PRIORITY.—The Secretary shall give priority to applications that contain satisfactory evidence that such institution has entered into or will enter into a collaborative arrangement with at least one local educational agency to provide such agency with assistance (from funds other than funds provided under this part) in reducing Hispanic dropout rates, improving Hispanic rates of academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education.

[(e) SPECIAL RULE.—For the purposes of this section, no Hispanic-serving college or university which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.]

SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to American Indian Tribal Colleges and Universities to enable such institutions to improve and expand their capacity to serve Indian students.

(b) DEFINITIONS.—For the purposes of this section:

(1) The term "Indian" has the same meaning as in section 2 of the Tribally Controlled Community Colleges Act of 1978.

(2) The term "Indian tribe" has the same meaning as in section 2 of such Act.

(3) The term "Tribal College or University" has the meaning given the term "tribally controlled college or university" in sec-

tion 2 of such Act, and includes an institution listed in the Equity in Educational Land Grant Status Act of 1994.

(4) The term "institution of higher education" means an institution of higher education as defined by section 101(a)(1) of this Act, except that subparagraph (A)(ii) of such section shall not be applicable.

(c) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used by Tribal Colleges or Universities to assist such institutions to plan, develop, undertake, and carry out authorized activities. Such authorized activities may include—

(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services;

(3) support of faculty exchanges, faculty development, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

(4) academic instruction in disciplines in which American Indians are underrepresented;

(5) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

(6) tutoring, counseling, and student service programs designed to improve academic success;

(7) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

(8) joint use of facilities, such as laboratories and libraries;

(9) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

(10) establishing or enhancing a program of teacher education designed to qualify students to teach in elementary or secondary schools, with a particular emphasis on teaching American Indian children and youth, that shall include, as part of such program, preparation for teacher certification;

(11) establishing community outreach programs which will encourage American Indian elementary and secondary students to develop the academic skills and the interest to pursue postsecondary education;

(12) establishing or improving an endowment fund; and

(13) other activities proposed in the application submitted pursuant to this subsection that—

(A) contribute to carrying out the purposes of this section; and

(B) are approved by the Secretary as part of the review and acceptance of such application.

(d) APPLICATION PROCESS.—

(1) INSTITUTIONAL ELIGIBILITY.—To be eligible to receive assistance under this section, an institution shall be an institution which—

(A) is an eligible institution under section 312(b);

(B) is eligible to receive assistance under the Tribally Controlled Community College Assistance Act of 1978 (Public Law 95–471); or

(C) is eligible to receive funds under the Equity in Educational Land Grant Status Act of 1994.

(2) APPLICATION.—Any institution desiring to receive assistance under this section shall submit an application to the Secretary at such time, and in such manner, as the Secretary may by regulation reasonably require. Each such application shall include—

(A) a 5-year plan for improving the assistance provided by the Tribal College or university to Indian students, increasing the rates at which Indian high school students enroll in higher education, and increasing overall postsecondary retention rates for Indian students; and

(B) such enrollment data and other information and assurances as the Secretary may require to demonstrate compliance with subparagraphs (A) and (B) of paragraph (1).

(3) SPECIAL RULE.—For the purposes of this part, no Tribal College or University which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.

PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

* * * * * * *

SEC. 323. GRANTS TO INSTITUTIONS.

(a) GENERAL AUTHORIZATION; USES OF FUNDS.—From amounts available under section 360(a)(2) in any fiscal year the Secretary shall make grants (under section 324) to institutions which have applications approved by the Secretary (under section 325) for any of the following uses:

(1) * * *

* * * * * * *

(12) Establishing or improving an endowment fund.

[(12)] *(13)* Other activities proposed in the application submitted pursuant to section 325 that—

(A) * * *

* * * * * * *

(b) LIMITATIONS.—(1) * * *

* * * * * * *

[(3) The Secretary shall not award a grant under this part for telecommunications technology equipment, facilities or services, if such equipment, facilities or services are available pursuant to section 396(k) of the Communications Act of 1934.]

(3)(A) An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

(B) An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

(C) The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.

* * * * * * *

SEC. 326. PROFESSIONAL OR GRADUATE INSTITUTIONS.

(a) GENERAL AUTHORIZATION.—(1) Subject to the availability of funds appropriated to carry out this section, the Secretary shall award program grants to each of the postgraduate institutions listed in subsection (e) that is determined by the Secretary to be making a substantial contribution to the legal, medical, dental, veterinary, or other graduate education opportunities *in mathematics or the physical or natural sciences* for Black Americans.

(2) No grant in excess of $500,000 may be made under this section unless the postgraduate institution provides assurances that 50 percent of the cost of the purposes for which the grant is made will be paid from non-Federal sources [except that the Morehouse School of Medicine shall receive at least $3,000,000.], *except that no institution shall be required to match any portion of the first $500,000 of its award from the Secretary. After allocations are made to each eligible institution under the funding rules provided in subsection (f), the Secretary shall reallocate, on a pro rata basis, any amounts which remain unallocated (by reason of the failure of an institution to comply with the matching requirements of this paragraph) among the institutions that have complied with such matching requirement.*

* * * * * * *

(c) USES OF FUNDS.—A grant under this section may be used for—

[(1) any of the purposes enumerated under section 323;

[(2) to establish or improve a development office to strengthen and increase contributions from alumni and the private sector; and

[(3) to assist in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 332 of this title.]

(1) purchase, rental or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

(2) construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities used exclusively for the purposes of this section, including purchase or rental of telecommunications technology equipment or services;

(3) purchase of library books, periodicals, technical and other scientific journals, microfilm, microfiche, and other educational materials, including telecommunications program materials;

(4) scholarships, fellowships, and other financial assistance for needy graduate and professional students to permit their enrollment in and completion of the doctoral degree in medicine, dentistry, pharmacy, veterinary medicine, law, and the doctorate degree in the physical or natural sciences, engineering, mathematics, or other scientific disciplines in which African Americans are underrepresented;

(5) establish or improve a development office to strengthen and increase contributions from alumni and the private sector;

(6) assist in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 331 of this title; and

(7) funds and administrative management, and the acquisition of equipment, including software, for use in strengthening funds management and management information systems.

* * * * * * *

(e) ELIGIBILITY.—

(1) IN GENERAL.—Independent professional or graduate institutions and programs eligible for grants under subsection (a) [include—] *are the following:*

(A) * * *

* * * * * * *

(F) Xavier University School of Pharmacy *and other qualified graduate programs*;

(G) Southern University School of Law *and other qualified graduate programs*;

(H) Texas Southern University School of Law and School of Pharmacy *and other qualified graduate programs*;

(I) Florida A&M University School of Pharmaceutical Sciences *and other qualified graduate programs*;

(J) North Carolina Central University School of Law *and other qualified graduate programs*;

* * * * * * *

(O) University of Maryland Eastern Shore qualified graduate program; [and]

(P) Jackson State *University* qualified graduate program[.]*;*

(Q) Norfolk State University qualified graduate program; and

(R) Tennessee State University qualified graduate program.

[(2) QUALIFIED GRADUATE PROGRAM.—For the purposes of this section, the term "qualified graduate program" means a graduate or professional program that—

[(A) provides a program of instruction in the physical or natural sciences, engineering, mathematics, or other scientific discipline in which African Americans are underrepresented; and

[(B) has students enrolled in such program at the time of application for a grant under this section.

[(3) SPECIAL RULE.—Graduate institutions that were awarded grants under this section prior to October 1, 1992 shall continue to receive such grant payments, regardless of the eligibility of the graduate institutions described in subparagraphs (F) through (P), until such grant period has expired or September 30, 1993, whichever is later.]

(2) QUALIFIED GRADUATE PROGRAM.—For the purposes of this section, the term "qualified graduate program" means a graduate or professional program that provides an accredited pro-

gram of instruction in the physical or natural sciences, engineering, mathematics, or other scientific discipline in which African Americans are underrepresented and has students enrolled in such program at the time of application for a grant under this section.

(3) SPECIAL RULE.—Institutions that were awarded grants under this section prior to October 1, 1998, shall continue to receive such grants, subject to the availability of appropriated funds, regardless of the eligibility of the institutions described in subparagraphs (Q) and (R) of paragraph (1).

(4) ONE GRANT PER INSTITUTION.—The Secretary shall not award more than 1 grant under this section in any fiscal year to any institution of higher education or university system, *except that the president or chancellor of the institution may decide which graduate or professional school or qualified graduate program will receive funds under the grant in any one fiscal year.*

(f) FUNDING RULE.—[Of the amount appropriated] *Subject to subsection (g), of the amount appropriated* to carry out this section for any fiscal year—

(1) the first [$12,000,000] *$26,000,000* (or any lesser amount appropriated) shall be available only for the purposes of making grants to institutions or programs described in subparagraphs [(A) through (E)] *(A) through (P)* of subsection (e)(1);

[(2) any amount appropriated in excess of $12,000,000 shall be available—

[(A) for the purposes of making grants, in equal amounts not to exceed $500,000, to institutions or programs described in subparagraphs (F) through (P) of subsection (e)(1); and

[(B) secondly for the purposes of making grants to institutions or programs described in subparagraphs (A) through (P) of subsection (e)(1).]

(2) the next $1,000,000 in excess of $26,000,000 shall be available for the purpose of making grants to institutions or programs identified in subparagraphs (Q) and (R) of subsection (e)(1); and

(3) if the amount appropriated exceeds $27,000,000, the Secretary shall develop a formula for making allotments of such excess to each of the institutions or programs identified in subparagraphs (A) through (R) using the following elements:

(A) the number of students enrolled in the eligible institution's professional or graduate school, or qualified graduate program which received funding under this section in the previous year;

(B) the average cost of education per student for all full-time graduate or professional students (or the equivalent) enrolled in the eligible professional school, graduate school or doctoral students in the qualified graduate program; and

(C) the number of students who received their first professional or doctoral degree at the professional or graduate school or the qualified graduate program in the preceding

year for which the institution received funding under this section.

(g) HOLD HARMLESS RULE.—Notwithstanding paragraph (2) and (3) of subsection (f), no institution or qualified program identified in subsection (e)(1) that received a grant for fiscal year 1998 and that is eligible to receive a grant in a subsequent fiscal year shall receive a grant amount in any such subsequent fiscal year that is less than the grant amount received for fiscal year 1998, unless the amount appropriated is not sufficient to provide such grant amounts to all such institutions and programs.

* * * * * * *

PART D—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAM

SEC. 341. PROGRAM AUTHORIZED.

The Secretary shall, in accordance with the provisions of this part, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvements in science and engineering education, and improve support programs for minority students enrolled in science and engineering programs at predominantly minority institutions.

SEC. 342. USE OF FUNDS.

Funds appropriated for the purpose of this subpart may be made available for—

(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;

(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;

(5) improving access of minority students, particularly minority women, to careers in the sciences, mathematics, and engineering;

(6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and

(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, mathematics, and engineering programs and dissemination of their results.

SEC. 343. ELIGIBILITY FOR GRANTS.

The Secretary may make grants under this part to minority institutions (as defined in section 347), organizations, and entities to enable them to carry out programs and activities authorized by this part:

(1)(A) institutions of higher education granting baccalaureate degrees; and

(B) institutions of higher education granting associate degrees which—

(i) have a curriculum including science or engineering subjects;

(ii) apply jointly with institutions described in subparagraph (A); and

(iii) have an articulation agreement with institutions described in subparagraph (A) for its science or engineering students; and

(2) consortia of—

(A) institutions which have a curriculum in science or engineering;

(B) graduate institutions which have a curriculum in science or engineering;

(C) Federal Education Research Centers;

(D) research laboratories of, or under contract with, the Department of Energy;

(E) private organizations which have science or engineering facilities; or

(F) quasi-governmental entities which have a significant scientific or engineering mission;

to enable such institutions and consortia to carry out programs and activities authorized by this part.

SEC. 344. GRANT APPLICATION.

(a) Submission and Contents of Applications.—An eligible applicant (as determined under section 343) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

(1) a program of activities for carrying out one or more of the purposes described in section 342 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

(2) such other policies, procedures, and assurances as the Secretary may require by regulation.

(b) Approval Based on Likelihood of Progress.—The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are like-

ly to make substantial progress toward achieving the purposes of this part.

SEC. 345. CROSS PROGRAM AND CROSS AGENCY COOPERATION.

The Minority Science and Engineering Improvement Programs shall cooperate and consult with other programs within the Department and within Federal, State, and private agencies which carry out programs to improve the quality of science, mathematics, and engineering education.

SEC. 346. ADMINISTRATIVE PROVISIONS.

(a) TECHNICAL STAFF.—The Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not less than one technical employee with appropriate scientific and educational background to administer the programs under this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(b) PROCEDURES FOR GRANT REVIEW.—The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this title may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Program.

SEC. 347. DEFINITIONS.

For the purpose of this part—

(1) The term "minority institution" means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office for Civil Rights, Department of Education.

(2) The term "minority" means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

(3) The term "science" means, for the purpose of this program, the biological, engineering, mathematical, physical, behavioral, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.

PART [D] *E*—GENERAL PROVISIONS

SEC. 351. APPLICATIONS FOR ASSISTANCE.

[(a) APPLICATION REQUIRED; APPROVAL.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title if the application meets the requirements of subsection (b) and shows that the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought.]

(a) APPLICATIONS.—

(1) APPLICATIONS REQUIRED.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title only if the Secretary determines that—

(A) the application meets the requirements of subsection (b);

(B) the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought; and

(C) the applicant's performance goals are sufficiently rigorous as to meet the purposes of this title and the performance objectives and indicators for this title established by the Secretary pursuant to the Government Performance and Results Act.

(2) PRELIMINARY APPLICATIONS.—In carrying out paragraph (1), the Secretary shall develop a preliminary application for use by eligible institutions applying under part A prior to the submission of the principal application.

(b) CONTENTS.—An institution, in its application for a grant, shall—

(1) * * *

* * * * * * *

(5) provide (A) for making such reports, in such form and containing such information, as the Secretary may require to carry out the functions under this title *and the Government Performance and Results Act*, including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded, and (B) for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

(6) provide that the institution will comply with the limitations set forth in section 357*, except that for purposes of section 316, paragraphs (2) and (3) shall not apply*;

SEC. 352. WAIVER AUTHORITY AND REPORTING REQUIREMENT.

(a) WAIVER REQUIREMENTS; NEED-BASED ASSISTANCE STUDENTS.—The Secretary may waive the requirements set forth in section 312(b)(1)(A) in the case of an institution—

(1) * * *

* * * * * * *

(5) located on or near an Indian reservation or a substantial population of Indians, if the Secretary determines that the

waiver will substantially increase higher education opportunities appropriate to the needs of American Indians; [or]

(6) that is a tribally controlled community college as defined in the Tribally Controlled Community College Act of 1978; or

[(6)] *(7)* wherever located, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of Black Americans, Hispanic Americans, Native Americans, Asian Americans, or Pacific Islanders, including Native Hawaiians.

* * * * * * *

SEC. 353. APPLICATION REVIEW PROCESS.

(a) REVIEW PANEL.—(1) * * *

(2) The Secretary shall take care to assure that representatives of historically and predominantly Black colleges, Hispanic institutions, [Native American colleges and universities] *Tribal Colleges and Universities*, and institutions with substantial numbers of Hispanics, Native Americans, Asian Americans, and Native American Pacific Islanders (including Native Hawaiians) are included as readers.

(3) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under this title and consistent with the provisions of this title, including—

[(A) explanations and examples of the types of activities referred to in section 311(b) that should receive special consideration for grants awarded under part A and of the types of activities referred to in section 323 that should receive special consideration for grants awarded under part B;]

[(B)] *(A)* an enumeration of the factors to be used to determine the quality of applications submitted under this title; and

[(C)] *(B)* an enumeration of the factors to be used to determine whether a grant should be awarded for a project under this title, the amount of any such grant, and the duration of any such grant.

* * * * * * *

SEC. 355. CONTINUATION AWARDS.

The Secretary shall make continuation awards under this title for the second and succeeding years of a grant only after determining that the recipient is making satisfactory progress in carrying out the grant.

* * * * * * *

SEC. 360. AUTHORIZATIONS OF APPROPRIATIONS.

[(a) AUTHORIZATIONS.—

[(1) PART A.—(A) There are authorized to be appropriated to carry out part A, $135,000,000 (other than section 316) for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(B)(i) There are authorized to be appropriated to carry out section 316, $45,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(ii) No funds are authorized to be appropriated pursuant to clause (i) for any fiscal year unless the amount appropriated pursuant to paragraph (1)(A) for such fiscal year equals or exceeds $80,000,000.

[(2) PART B.—(A) There are authorized to be appropriated to carry out part B (other than section 326), $135,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(B) There are authorized to be appropriated to carry out section 326, $20,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(3) PART C.—There are authorized to be appropriated to carry out part C, $50,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.]

(a) AUTHORIZATIONS.—

(1) PART A.—(A) There are authorized to be appropriated to carry out part A (other that sections 316), $135,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(B) There are authorized to be appropriated to carry out section 316, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) PART B.—(A) There are authorized to be appropriated to carry out part B (other than section 326), $135,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(B) There are authorized to be appropriated to carry out section 326, $35,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(3) PART C.—There are authorized to be appropriated to carry out part C, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(4) PART D.—There are authorized to be appropriated to carry out Part D, $10,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

[(c) RESERVATIONS.—If the amount appropriated under subsection (a)(1) for part A for any fiscal year beginning after September 30, 1986, equals or exceeds the amount appropriated for such part for fiscal year 1986, the Secretary shall, for such fiscal year—

[(1) allocate 25 percent of the excess (above the amount appropriated for part A for fiscal year 1986) among eligible institutions at which at least 60 percent of the students are African Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or any combination thereof; and

[(2) allocate 75 percent of such excess among other eligible institutions.

[(d) RATABLE REDUCTION IN FISCAL YEAR IN WHICH AMOUNTS APPROPRIATED ARE INSUFFICIENT.—In any fiscal year in which the sums appropriated for part A are insufficient to make the reservations required by subsection (c) of this section, the Secretary shall ratably reduce the amount of the reservation.

[(e) Additional Reservation.—In any fiscal year beginning after September 30, 1992, the Secretary shall award at least 25 percent of the amount appropriated pursuant to the authority of paragraph (3) of subsection (a) in each fiscal year to historically black colleges and universities that meet the requirements of part C, unless there are an insufficient number of quality applications or an insufficient number of applications due to the provisions in subsection (b)(2)(C) or subsection (b)(4)(B) of section 331.]

TITLE IV—STUDENT ASSISTANCE

Part A—Grants to Students in Attendance at Institutions of Higher Education

SEC. 400. STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION.

(a) Purpose.—It is the purpose of this part, to assist in making available the benefits of postsecondary education to eligible students (defined in accordance with section 484) in institutions of higher education by—

(1) providing [basic educational opportunity] *Federal Pell Grants* grants to all eligible students;

* * * * * * *

(b) Secretary Required To Carry Out Purposes.—The Secretary shall, in accordance with subparts 1 through [8] *6*, carry out programs to achieve the purposes of this part.

[Subpart 1—Basic Educational Opportunity Grants]

Subpart 1—Federal Pell Grants

SEC. 401. [BASIC EDUCATIONAL OPPORTUNITY] *FEDERAL PELL GRANTS*: AMOUNT AND DETERMINATIONS; APPLICATIONS.

(a) Program Authority and Method of Distribution.—(1) The Secretary shall, during the period beginning July 1, 1972, and ending September 30, [1998] *2004*, pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a [basic grant] *Federal Pell Grant* in the amount for which that student is eligible, as determined pursuant to subsection (b). [Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.]

(2) Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in [the disbursement system required by paragraph (1)] *the disbursement of Federal Pell Grants*.

(3) **[**Basic grants**]** *Grants* made under this subpart shall be known as "Federal Pell Grants".

(b) PURPOSE AND AMOUNT OF GRANTS.—(1) The purpose of this subpart is to provide a **[**basic grant**]** *Federal Pell Grant* that in combination with reasonable family and student contribution and supplemented by the programs authorized under subparts 3 and 4 of this part, will meet at least 75 percent of a student's cost of attendance (as defined in section 472), unless the institution determines that a greater amount of assistance would better serve the purposes of section 401.

[(2)(A) The amount of the basic grant for a student eligible under this part shall be—

[(i) $3,700 for academic year 1993–1994,
[(ii) $3,900 for academic year 1994–1995,
[(iii) $4,100 for academic year 1995–1996,
[(iv) $4,300 for academic year 1996–1997, and
[(v) $4,500 for academic year 1997–1998,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.**]**

(2)(A) The amount of the Federal Pell Grant for a student eligible under this part shall be—

(i) $4,500 for academic year 1999–2000,
(ii) $4,700 for academic year 2000–2001,
(iii) $4,900 for academic year 2001–2002,
(iv) $5,100 for academic year 2002–2003, and
(v) $5,300 for academic year 2003–2004,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.

* * * * * * *

(3)(A) For any academic year for which an appropriation Act provides a maximum **[**basic grant**]** *Federal Pell Grant* in an amount in excess of **[**$2,400**]** *$3,000*, the amount of a student's **[**basic grant**]** *Federal Pell Grant* shall equal **[**$2,400**]** *$3,000* plus—

(i) one-half of the amount by which such maximum **[**basic grant**]** *Federal Pell Grant* exceeds **[**$2,400**]** *$3,000*; plus
(ii) the lesser of—
(I) * * *

* * * * * * *

(B) For purposes of subparagraph (A)(ii)(II), a student's allowance is **[**$750**]** *$1,500* if the student has dependent care expenses (as defined in section 472(8)) or disability related expenses (as defined in section 472(9)).

(C) An institution that charged only fees in lieu of tuition as of January 31, 1997, may include in its determination of tuition charged, fees that would normally constitute tuition.

(4) No **[**basic grant**]** *Federal Pell Grant* under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance (as defined in section 472) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a **[**basic grant**]** *Federal Pell Grant* plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the **[**basic grant**]** *Federal Pell Grant* shall be

reduced until the combination of expected family contribution and the amount of the [basic grant] *Federal Pell Grant* does not exceed the cost of attendance at such institution.

(5) No [basic grant] *Federal Pell Grant* shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than $400, except that a student who is eligible for a [basic grant] *Federal Pell Grant* that is equal to or greater than $200 but less than $400 shall be awarded a [basic grant] *Federal Pell Grant* of $400.

* * * * * * *

(7) Notwithstanding any other provision of this subpart, the Secretary shall allow the amount of the [basic grant] *Federal Pell Grant* to be exceeded for students participating in a program of study abroad approved for credit by the institution at which the student is enrolled when the reasonable costs of such program are greater than the cost of attendance at the student's home institution, except that the amount of such [basic grant] *Federal Pell Grant* in any fiscal year shall not exceed the grant level specified in the appropriate Appropriation Act for this subpart for such year. If the preceding sentence applies, the financial aid administrator at the home institution may use the cost of the study abroad program, rather than the home institution's cost, to determine the cost of attendance of the student.

(8) No [basic grant] *Federal Pell Grant* shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution.

(c) PERIOD OF ELIGIBILITY FOR GRANTS.—(1) The period during which a student may receive [basic grants] *Federal Pell Grants* shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance except that any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of this paragraph.

* * * * * * *

(d) APPLICATIONS FOR GRANTS.—(1) The Secretary shall from time to time set dates by which students shall file applications for [basic grants] *Federal Pell Grants* under this subpart.

(2) Each student desiring a [basic grant] *Federal Pell Grant* for any year shall file an application therefor containing such information and assurances as the Secretary may deem necessary to enable the Secretary to carry out the functions and responsibilities of this subpart.

* * * * * * *

(f) CALCULATION OF ELIGIBILITY.—(1) Each contractor processing applications for awards under this subpart (including a central processor, if any, designated by the Secretary) shall, in a timely manner, furnish to the student financial aid administrator (at each institution of higher education which a student awarded a [basic grant] *Federal Pell Grant* under this subpart is attending), as a part of its regular output document, the expected family contribution for each such student. Each such student financial aid administrator shall—

(A) * * *

* * * * * * *

(3) Each contractor processing applications for awards under this subpart shall for each academic year after academic year 1986–1987 prepare and submit a report to the Secretary on the correctness of the computations of amount of the expected family contribution, and on the accuracy of the questions on the application form under this subpart for the previous academic year for which the contractor is responsible. The Secretary shall transmit the report, together with the comments and recommendations of the Secretary, to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on [Education and Labor] *Education and the Workforce* of the House of Representatives.

* * * * * * *

(j) INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT RATES.—

(1) IN GENERAL.—No institution of higher education shall be an eligible institution for purposes of this section if such institution of higher education is ineligible to participate in a loan program under this title as a result of a final default rate determination made by the Secretary under part B or D of this title, or both, after the final publication of fiscal year 1996 cohort default rates.

(2) SANCTIONS SUBJECT TO APPEAL OPPORTUNITY.—No institution may be subject to the terms of this subsection unless it has had the opportunity to appeal its default rate determination under regulations issued by the Secretary for the Federal Family Education Loan or Federal Direct Loan Program, as applicable. This subsection shall not apply to an institution that was not participating in the loan programs authorized under part B or D of this title on the date of enactment of the Higher Education Amendments of 1998, unless the institution subsequently participates in the loan programs.

Subpart 2—Federal Early Outreach and Student Services Programs

CHAPTER 1—FEDERAL TRIO PROGRAMS

SEC. 402A. PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.

(a) * * *

(b) RECIPIENTS, DURATION, AND SIZE.—

(1) * * *

(2) DURATION.—Grants or contracts made under this chapter shall be awarded for a period of 4 years, except that—

[(A) the Secretary shall award such grants or contracts for 5 years to applicants whose peer review scores were in the highest 10 percent of scores of all applicants receiving grants or contracts in each program competition for the same award year; and]

[(B)] *(A)* grants made under section 402G shall be awarded for a period of 2 years[.]*; and*

(B) grants under section 402H shall be awarded for a period determined by the Secretary.

[(3) MINIMUM GRANT LEVEL.—In any year in which the appropriations authorized under this chapter exceed the prior year appropriation as adjusted for inflation, the Secretary shall use 80 percent of the amount appropriated above the current services level to bring each award up to the minimum grant level or the amount requested by the institution or agency, whichever is less. The minimum grant level (A) for programs authorized under section 402D or 402G, shall not be less than $170,000 for fiscal year 1993; (B) for programs authorized under section 402B or 402F shall not be less than $180,000 for fiscal year 1994; and (C) for programs authorized under section 402C or 402E shall not be less than $190,000 for fiscal year 1995.]

(3) MINIMUM GRANTS.—Unless the institution or agency requests a smaller amount, individual grants under this chapter shall be no less than—

(A) $170,000 for programs authorized by sections 402D and 402G;

(B) $180,000 for programs authorized by sections 402B and 402F; and

(C) $190,000 for programs authorized by sections 402C and 402E.

[(c) PROCEDURES FOR AWARDING GRANTS AND CONTRACTS.—

[(1) PRIOR EXPERIENCE.—In making grants and contracts under this chapter, the Secretary shall consider the prior experience of service delivery under the particular program for which funds are sought by each applicant. For fiscal years after 1985, the level of consideration given to prior experience shall not vary from the level of consideration given this factor for fiscal year 1985, except that in the case of the programs authorized in sections 402E and 402G, the level of consideration given to prior experience shall be the same as the level of consideration given this factor in the other programs authorized in this chapter.

[(2) ORDER OF AWARDS; PROGRAM FRAUD.—(A) Except with respect to grants made under section 402G, and as provided in subparagraph (B), the Secretary shall award grants and contracts under this chapter in the order of the scores received by the application for such grant or contract in the peer review process required under section 1210 and adjusted for prior experience in accordance with paragraph (1).

[(B) The Secretary is not required to provide assistance to a program otherwise eligible for assistance under this chapter, if the Secretary has determined that such program has involved the fraudulent use of funds under this chapter.

[(3) PEER REVIEW PROCESS.—(A) The Secretary shall assure that, to the extent practicable, members of groups underrepresented in higher education, including African Americans, Hispanics, Native Americans, Alaska Natives, Asian Americans, Native American Pacific Islanders (including Native Hawaiians), are represented as readers of applications submitted under this chapter. The Secretary shall also assure that persons from urban and rural backgrounds are represented as readers.

[(B) The Secretary shall ensure that each application submitted under this chapter is read by at least 3 readers who are not employees of the Federal Government (other than as readers of applications).

[(4) APPLICATION STATUS.—The Secretary shall inform each entity operating programs under this chapter regarding the status of their application for continued funding at least 8 months prior to the expiration of the grant or contract. The Secretary, in the case of an entity that is continuing to operate a successful program under this chapter, shall ensure that the start-up date for a new grant or contract for such program immediately follows the termination of preceding grant or contract so that no interruption of funding occurs for such successful reapplicants. The Secretary shall inform each entity requesting assistance under this subpart for a new program regarding the status of their application at least 8 months prior to the proposed startup date of such program.

(5) NUMBER OF APPLICATIONS FOR GRANTS AND CONTRACTS.—The Secretary shall not limit the number of applications submitted by an entity under any program authorized under this chapter if the additional applications describe programs serving different populations or campuses.

(6) COORDINATION WITH OTHER PROGRAMS FOR DISADVANTAGED STUDENTS.—The Secretary shall encourage coordination of programs assisted under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding source of such programs. The Secretary shall not limit an entity's eligibility to receive funds under this chapter because such entity sponsors a program similar to the program to be assisted under this chapter, regardless of the funding source of such programs. The Secretary shall permit the Director of a program receiving funds under this chapter to administer one or more additional programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding sources of such programs.

(7) APPLICATION STATUS.—The Secretary shall inform each entity operating programs under this chapter regarding the status of their application for continued funding at least 8 months prior to the expiration of the grant or contract. The Secretary, in the case of an entity that is continuing to operate a successful program under this chapter, shall ensure that the start-up date for a new grant or contract for such program immediately follows the termination of preceding grant or contract so that no interruption of funding occurs for such successful reapplicants. The Secretary shall inform each entity requesting assistance under this chapter for a new program re-

garding the status of their application at least 8 months prior to the proposed startup date of such program.

* * * * * * *

(f) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants and contracts under this chapter, there are authorized to be appropriated [$650,000,000 for fiscal year 1993] *$800,000,000 for fiscal year 1999*, and such sums as may be necessary for each of the 4 succeeding fiscal years. [Of the amount appropriated under this chapter, the Secretary may use no more than ½ of 1 percent of such amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees. In expending these funds, the Secretary shall give priority to the additional administrative requirements provided in the Higher Education Amendments of 1992, to outreach activities, and to obtaining additional readers. The Secretary shall report to Congress by October 1, 1994, on the use of these funds.]

* * * * * * *

SEC. 402B. TALENT SEARCH.

(a) * * *

(b) PERMISSIBLE SERVICES.—Any talent search project assisted under this chapter may provide services such as—

(1) * * *

* * * * * * *

[(4) guidance on secondary school reentry or entry to general educational development (GED) programs or other alternative education programs for secondary school dropouts;]

(4) guidance on and assistance in secondary school reentry, entry to general educational development (GED) programs, other alternative education programs for secondary school dropouts, or postsecondary education;

* * * * * * *

(8) workshops and counseling for [parents] *families* of students served;

* * * * * * *

SEC. 402C. UPWARD BOUND.

(a) * * *

(b) PERMISSIBLE SERVICES.—Any upward bound project assisted under this chapter may provide services such as—

(1) * * *

(2) [personal counseling] *counseling and workshops*;

* * * * * * *

(6) *work-study and other* activities designed to acquaint youths participating in the project with the range of career options available to them, *including careers requiring a postsecondary degree*;

* * * * * * *

(9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; [and]

(10) special services to enable veterans to make the transition to postsecondary education; and

[(10)] *(11)* programs and activities as described in paragraphs (1) [through (9)] *through (10)* which are specially designed for students of limited English proficiency.

(c) Required Services.—Any upward bound project assisted under this chapter, *other than a project a majority of the participants in which are veterans,* which has received funding for two or more years shall include, as part of the core curriculum in the next and succeeding years, instruction in mathematics through precalculus, laboratory science, foreign language, composition, and literature.

* * * * * * *

SEC. 402D. STUDENT SUPPORT SERVICES.

(a) * * *

* * * * * * *

(c) Requirements for Approval of Applications.—In approving applications for student support services projects under this chapter for any fiscal year, the Secretary shall—

(1) * * *

* * * * * * *

(6) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will be offered sufficient financial assistance to meet that student's full financial need *and minimize the student's loan burden*.

SEC. 402E. POSTBACCALAUREATE ACHIEVEMENT PROGRAM AUTHORITY.

(a) * * *

* * * * * * *

(c) Requirements.—In approving applications for postbaccalaureate achievement projects assisted under this section for any fiscal year, the Secretary shall require—

(1) * * *

* * * * * * *

(3) an assurance that participants be enrolled in a degree program *or accepted in a graduate program* at an eligible institution having an agreement with the Secretary in accordance with the provisions of section 487; and

* * * * * * *

(e) Maximum Stipends.—Students participating in research under a postbaccalaureate achievement project may receive an award that—

(1) shall include a stipend not to exceed [$2,400] *$3,200* per annum; and

* * * * * * *

SEC. 402G. STAFF DEVELOPMENT ACTIVITIES.

(a) * * *

(b) CONTENTS OF TRAINING PROGRAMS.—Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. Such training shall be offered annually for new directors of projects funded under this chapter as well as annually on the following topics and other topics chosen by the Secretary:

(1) * * *

* * * * * * *

(4) The use of appropriate educational technology in the operation of projects assisted under this chapter.

* * * * * * *

SEC. 402H. EVALUATION FOR PROJECT IMPROVEMENT.

(a) * * *

(b) CONTENT.—The evaluations described in subsection (a) shall identify institutional, community and program practices particularly effective in increasing the access of low-income individuals and first-generation college students to postsecondary education, the preparation of such individuals and students for postsecondary education, and such individuals' and students' success in postsecondary education. *Such evaluations shall also investigate the effectiveness of alternative and innovative methods within Federal TRIO programs of increasing access to, and retention of, students in postsecondary education.*

* * * * * * *

CHAPTER 2—NATIONAL EARLY INTERVENTION SCHOLARSHIP AND PARTNERSHIP PROGRAM

* * * * * * *

SEC. 404G. APPROPRIATIONS.

There is authorized to be appropriated to make grants under this chapter $200,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the four succeeding fiscal years.

[CHAPTER 3—PRESIDENTIAL ACCESS SCHOLARSHIPS

[SEC. 406A. SCHOLARSHIPS AUTHORIZED.

[The Secretary is authorized in accordance with this chapter to award Presidential Access Scholarships to students who—

[(1) are eligible to receive a Pell Grant for the year in which the scholarship is awarded;

[(2) have participated in a preparatory program for postsecondary education; and

[(3) demonstrate academic achievement.

[SEC. 406B. SCHOLARSHIP PROGRAM REQUIREMENTS.

[(a) AMOUNT OF AWARD.—

[(1) IN GENERAL.—Except as provided in paragraph (2), the amount of a scholarship awarded under this chapter for any academic year shall be equal to 25 percent of the Pell Grant that the recipient is awarded for that year or $400, whichever is greater.

[(2) ADJUSTMENT FOR INSUFFICIENT APPROPRIATIONS.—If, after the Secretary determines the total number of eligible applicants for an academic year in accordance with section 406C, funds available in a fiscal year are insufficient to fully fund all awards for that academic year under this chapter, the amount paid to each student shall be reduced proportionately.

[(b) PERIOD OF AWARD.—Scholarships under this chapter shall be awarded for a period of not more than four academic years, or in the case of a student who is enrolled in an undergraduate course of study that requires attendance for the full-time equivalent of five academic years, five academic years.

[(c) USE AT ANY INSTITUTION PERMITTED.—An eligible student awarded a scholarship under this chapter may use such scholarship stipend to attend any institution of higher education.

[(d) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—A scholarship awarded under this chapter to any student, in combination with the Pell Grant and other student financial assistance available to such student, may not exceed the student's cost of attendance (as defined in section 472).

[(e) PRESIDENTIAL ACCESS SCHOLARS.—Students awarded scholarships under this chapter shall be known as "Presidential Access Scholars".

[SEC. 406C. ELIGIBILITY OF SCHOLARS.

[(a) REQUIREMENTS FOR STUDENTS IN FIRST YEAR OF POSTSECONDARY EDUCATION.—In order for a student who will be attending the student's first year of postsecondary education to be eligible to receive a scholarship under this chapter for that academic year, the student shall—

[(1) be enrolled or accepted for enrollment in a degree or certificate program of at least 2 years in length;

[(2) have demonstrated academic achievement and preparation for postsecondary education by taking college preparatory level coursework in the following areas while in secondary school or the equivalent:

[(A) 4 years of English;

[(B) 3 years of science;

[(C) 3 years of mathematics;

[(D) either—

[(i) 3 years of history; or

[(ii) 2 years of history and 1 year of social studies; and

[(E) either—

[(i) 2 years of a foreign language; or

[(ii) 1 year of computer science and 1 year of a foreign language.

[(3) earn a grade point average of 2.5 or higher, on a scale of 4.0, in the final 2 years of high school; and

[(4) either—

[(A) have participated, for a minimum period of 36 months, in an early intervention program that meets the requirements of section 406D; or

[(B) rank, or have ranked, in the top 10 percent, by grade point average, of the student's secondary school graduating class.

[(b) Requirements for All Students.—

[(1) Each eligible student desiring a scholarship under this chapter shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

[(2) In order for a student who will be attending a year of postsecondary education, other than the student's first year, to continue to be eligible to receive a scholarship under this chapter for that academic year the eligible student shall maintain eligibility to receive a Pell Grant, including fulfilling the requirements for satisfactory academic progress as described in section 484(c).

[SEC. 406D. ELIGIBLE EARLY INTERVENTION PROGRAMS.

[(a) Participation in Trio Programs and National Early Intervention Scholarship and Partnership Programs.—Participation in a program authorized under section 402B, 402C, or 402F, or chapter 2 of subpart 2 of this part for a 36-month period shall meet the requirement of section 406C(a)(4)(A).

[(b) Other Eligible Early Intervention Program.—Participation in another early intervention program, regardless of sponsorship, for a 36-month period, shall meet the requirements of section 406C(a)(4)(A) if the program—

[(1) meets the requirements established by the Secretary; and

[(2) is certified by the Governor as an honors scholars program.

[SEC. 406E. STUDENT ELIGIBILITY.

[(a) Student Eligibility.—For the purpose of this chapter, the term "eligible student" means an individual who—

[(1) is a graduate of a public or private secondary school or has the equivalent certificate of graduation as recognized by the State in which the eligible student resides;

[(2) not later than 3 years after such individual graduates or obtains an equivalent certificate, has been admitted for enrollment or is enrolled at an institution of higher education; and

[(3) is eligible to receive a Pell Grant for the year in which the scholarship is awarded.

[(b) Limitation.—For the purpose of this chapter, the term "eligible student" does not include an individual who has been awarded a baccalaureate degree.

[(c) Waivers.—

[(1) Early intervention program participation.—The Secretary may waive the requirement described in section 406C(a)(4) for any student who was unable to participate in an early intervention program assisted under this part because such program was not available in the area in which such student resides or the student was unable to participate in an early intervention program where the student resides.

[(2) LIMITED-ENGLISH PROFICIENT STUDENTS.—The Secretary may waive the requirement described in section 406C(a)(2)(E) for any limited-English proficient student who is fluent in a language other than English and is participating in a program to teach such student the English language or for any English speaking student fluent in a second language.

[SEC. 406F. EARLY INTERVENTION SCHOLARSHIP AGREEMENT.

[(a) IN GENERAL.—In order for a student to receive a scholarship under this chapter, the State educational agency serving the State in which such child resides shall have entered into an agreement with the Secretary.

[(b) CONTENTS.—Each agreement described in subsection (a) shall include provisions designed to ensure that—

[(1) all secondary school students in the State have equal and easy access to the coursework described in section 406C(a)(2);

[(2) the State educational agency has procedures in place to verify to the Secretary that students receiving scholarships under this chapter have taken such coursework and that such coursework has been of a college preparatory level, including a requirement that all secondary schools in the State issue a certificate to each eligible student certifying that such student has completed the necessary coursework to qualify for a scholarship under this chapter;

[(3) the State educational agency has procedures in place to notify institutions of higher education of the availability of scholarships under this chapter, so that such institutions may award additional scholarships in concert with the scholarships received under this chapter; and

[(4) the State educational agency has procedures in place to inform junior high school students and their families about the value of postsecondary education, the availability of student aid to meet college expenses, and the availability of scholarships under this chapter for students who take demanding courses, with particular emphasis on activities designed to ensure that students from low- and moderate-income families have access to such information.

[(c) SPECIAL RULE.—The Secretary may allow a State to receive assistance under this chapter for students whose secondary schools do not offer the necessary coursework if such students take the required courses at another local secondary school or community college.

[SEC. 406G. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $200,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this chapter. No amount may be expended to carry out the provisions of this chapter in any fiscal year unless the amount appropriated for such fiscal year to carry out subpart 1 of part A of this title exceeds the amount appropriated to carry out such subpart in the preceding fiscal year.

[CHAPTER 4—MODEL PROGRAM COMMUNITY PARTNERSHIP AND COUNSELING GRANTS

[SEC. 408A. MODEL PROGRAM GRANTS.

[(a) PROGRAM AUTHORITY.—From the amounts appropriated under section 408C, the Secretary shall award grants to develop model programs—

[(1) to counsel students, at an early age, about college opportunities, precollege requirements, the college admissions procedure, financial aid opportunities, and student support services that are specially designed or customized for use in specific geographic, social, and cultural environments; or

[(2) which stimulate community partnerships with schools by providing tutoring, mentoring, work experiences, and other services which support making postsecondary education a realistic goal for all students.

[(b) PRIORITIES IN SELECTION.—The Secretary shall give priority to those model programs which are directed at areas which have a high proportion of minority, limited English proficiency, economically disadvantaged, disabled, nontraditional, or at-risk students and those model programs which serve these students from rural or urban environments.

[(c) PROPOSAL REQUIREMENTS.—

[(1) TAILORING.—To receive a grant under subsection (a)(1), the proposal submitted to the Secretary shall demonstrate that the counseling on college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities (including early intervention counseling), is tailored to a specific geographic, social or cultural environment.

[(2) COMMUNITY PARTNERSHIPS.—To receive a grant under subsection (a)(2), the proposal submitted to the Secretary shall demonstrate the active involvement of a local educational agency and at least one of the following:

[(A) Local businesses.

[(B) Labor organizations.

[(C) Community groups.

[(3) GOALS AND OUTCOMES.—To receive a grant under this section, each proposal shall contain a statement of specific, measurable goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education.

[SEC. 408B. DIFFUSION ACTIVITIES.

[(a) COLLECTION OF INFORMATION.—The Secretary shall collect information concerning—

[(1) programs supported under section 408A and programs of demonstrated effectiveness which counsel students about college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities;

[(2) early intervention programs of demonstrated effectiveness which set students on the path toward staying in school and pursuing a postsecondary education;

[(3) model programs which counsel students in specific environments, such as urban, rural, and suburban; and

[(4) model programs which develop school/community partnerships to provide mentoring, tutoring, work experiences and other services which support making postsecondary education a realistic goal for all students.

[(b) DISSEMINATION.—The Secretary shall ensure that the information collected under subsection (a) is disseminated.

[SEC. 408C. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $35,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this chapter.

[CHAPTER 5—PUBLIC INFORMATION

[SEC. 409A. DATABASE AND INFORMATION LINE.

[From the funds available under section 409C, the Secretary shall award a contract to establish and maintain—

[(1) a computerized database of all public and private student financial assistance programs, to be accessible to schools and libraries through either modems or toll-free telephone lines; and

[(2) a toll-free information line, including access by telecommunications devices for the deaf ("TDD's"), to provide individualized financial assistance information to parents, students, and other individuals, including individuals with disabilities, and to refer students with disabilities and their families to the postsecondary clearinghouse that is authorized under section 633(c) of the Individuals with Disabilities Education Act.

[SEC. 409B. EARLY AWARENESS INFORMATION PROGRAM.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized to enter into contracts with appropriate public agencies, nonprofit private organizations, and institutions of higher education to conduct an information program designed—

[(1) to broaden the early awareness of postsecondary educational opportunities by secondary school students and their parents; and

[(2) to encourage economically disadvantaged, minority, or at-risk individuals to seek higher education, and to seek higher education and financial assistance counseling at public schools and libraries.

[(b) CONTENTS OF MESSAGES.—Announcements and messages supported under this section—

[(1) may be specially designed for students of limited English proficiency,

[(2) shall publicize—

[(A) the availability of Federal student assistance under this Act;

[(B) the importance of postsecondary education in long-term career planning; and

[(C) the need and necessity to complete a secondary education program successfully in order to meet the requirements for college.

[(c) INFORMING CONGRESS.—The Secretary shall keep the appropriate committees of the Congress informed with respect to the efforts made pursuant to this section and shall recommend any additional legislative authority that will serve the purposes of this section.

[SEC. 409C. DATABASE AND INFORMATION LINE.

[There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this chapter.

[CHAPTER 6—NATIONAL STUDENT SAVINGS DEMONSTRATION PROGRAM

[SEC. 410A. NATIONAL STUDENT SAVINGS DEMONSTRATION PROGRAM.

[(a) STATEMENT OF PURPOSE.—It is the purpose of this section to—

[(1) create a demonstration program to test the feasibility of establishing a national student savings program to encourage families to save for their children's college education and thereby reduce the loan indebtedness of college students; and

[(2) help determine the most effective means of achieving the activities described in paragraph (1).

[(b) DEMONSTRATION PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary is authorized to award a demonstration grant to not more than 5 States to enable each such State to conduct a student savings program in accordance with this section.

[(2) AMOUNT OF GRANT.—The amount of each grant awarded pursuant to paragraph (1) shall be computed on the basis of—

[(A) a Federal match in an amount equal to the initial State deposit into each account established pursuant to subsection (c)(2)(B), except that such Federal match shall not exceed $50 per child; multiplied by

[(B) the number of children participating in the program assisted under this part.

[(3) PRIORITY.—In awarding grants under this section the Secretary shall give priority to States proposing programs that establish accounts for a child prior to the age of compulsory school attendance in the State in which such child resides.

[(4) SPECIAL CONSIDERATION.—In awarding grants under this section the Secretary shall give special consideration to States—

[(A) that permit employers to use pretax income in making contributions to a child's account; and

[(B) that provide assurances that interest earned in accounts shall be exempt from State taxes.

[(c) APPLICATION.—

[(1) IN GENERAL.—Each State desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall—

[(A) describe the student savings program to be established and the number of children to be served;

[(B) contain assurances that an account shall be established for each child participating in the program assisted under this section and set forth the initial amount to be deposited into each such account by the State;

[(C) contain assurances that deposits into such account shall be invested in a responsible manner that provides a reasonable rate of return;

[(D) contain assurances that funds in the account shall only be used to pay the cost of attendance (as such term is defined in section 472) at any eligible institution (as such term is defined in section 481);

[(E) describe the amount of the Federal contribution requested for starting each child's account, which shall not exceed $50 per child participating in the program;

[(F) describe the age at which children in the State may establish such accounts;

[(G) indicate whether the program will be open to all children, regardless of family income, or only to disadvantaged children;

[(H) describe how additional deposits into each account from the State or other resources will be earned by a child for performance of community service, academic performance, or other activities or achievements;

[(I) contain assurances that contributions in an account shall be refundable to the contributor without interest if the child is unable to attend college;

[(J) contain assurances that the State shall encourage individuals and organizations to make contributions to a child's account;

[(K) contain assurances that the State shall provide incentives to employers to make contributions to a child's account and participate in the program assisted under this section; and

[(L) contain assurances that if a child leaves the State in which such child has an account, then such child shall retain the right to make contributions to the account, except that the State shall not be required to make any additional deposits other than interest.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

[CHAPTER 7—PREELIGIBILITY FORM

[SEC. 410B. INFORMATION ON ELIGIBILITY FOR ASSISTANCE.

[To help ensure access to postsecondary education by providing early notice to students of their potential eligibility for financial aid, the Secretary, as part of the contracts developed pursuant to section 483, may—

[(1) develop and process a common preeligibility Federal financial aid form,

[(2) distribute and process such form on a year-round basis free of charge to students and parents, and

[(3) issue, on the basis of information reported by the student on such form, a preeligibility expected family contribution figure and estimate of the amount of Federal (and, if feasible, non-Federal) funds for which the student might qualify in later completing and submitting the application form called for under section 483.

The Secretary shall widely disseminate the preeligibility form through post offices and other appropriate Federal installations, schools, institutions of higher education, libraries, and community-based agencies, including projects assisted under subparts 2 and 5 of this part.

[CHAPTER 8—TECHNICAL ASSISTANCE FOR TEACHERS AND COUNSELORS

[SEC. 410C. TECHNICAL ASSISTANCE GRANTS.

[(a) Program Authority.—From the amounts appropriated under subsection (f), the Secretary shall award grants to local educational agencies to use for the purpose of obtaining specialized training for guidance counselors, teachers, and principals to counsel students about college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities.

[(b) Selection of Grant Recipients.—

[(1) Priority.—In making grants under this section, the Secretary shall give priority to those local educational agencies serving school districts (A) from which the proportion of students who continue on to higher education is significantly below the national average, and (B) in which the proportion of students who are educationally disadvantaged is significantly above the national average.

[(2) Selection procedures.—The Secretary shall develop a formal procedure for the submission of proposals and publish in the Federal Register an announcement with respect to that procedure and the availability of funds.

[(c) Local Plan.—To receive a grant under this section, a local educational agency shall submit to the Secretary a plan that—

[(1) specifies the methods to be used for outreach, implementation, and follow-up with those students most in need and at-risk for dropping out or failing to pursue postsecondary education;

[(2) demonstrates the methods by which the agency will target funds to those schools within the district that have the lowest rate of students who continue on to higher education;

[(3) utilizes early intervention programs for counseling minority, economically disadvantaged, disabled, and at-risk students about postsecondary education;

[(4) includes a strategy for keeping the guidance counselors, teachers (including elementary, secondary, vocational, and special education teachers), and principals who have been trained up-to-date on financial aid information;

[(5) contains a statement of specific goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education; and

[(6) contains a description of the costs of the training and other activities to be undertaken.

[(d) DURATION OF GRANTS.—Grants under this section shall be available for 2 years.

[(e) EVALUATION.—

[(1) CONDUCT OF EVALUATIONS.—The Secretary shall reserve not more than 2 percent of any amount appropriated under subsection (f) for the purpose of carrying out an independent evaluation of the effectiveness of the training programs assisted under this section in—

[(A) increasing the number of personnel in a school who regularly counsel students regarding college opportunities, precollege requirements, the college admission procedure, and financial aid opportunities; and

[(B) increasing the number of students who continue on to postsecondary education from a school which has had personnel trained using monies from this section.

[(2) REPORT.—The Secretary shall submit to the appropriate committees of the Congress a report which contains the findings of the evaluation required by paragraph (1).

[(f) TECHNICAL ASSISTANCE GRANTS.—There are authorized to be appropriated $40,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.]

CHAPTER 3—HIGH HOPES FOR COLLEGE

Subchapter A—21st Century Scholar Certificates

SEC. 406A. 21ST CENTURY SCHOLAR CERTIFICATES.

(a) FINDINGS.—The Congress makes the following findings:

(1) Among low-income students who, despite high test scores, are not planning on attending college, nearly 60 percent cite an inability to afford school as the reason.

(2) About 80 percent of our 12th graders who are interested in continuing their education after high school go on to college if their parents read materials about financial aid, compared to only 55 percent of such students if their parents do not read this material.

(3) In 1996, the American Council on Education found that the public overestimated the tuition of public 2-year colleges by

about 3 times the actual average tuition, of public 4-year colleges by over twice the actual average tuition, and of private 4-year universities by almost one-third more than the actual average tuition.

(4) There is a need for, and a significant benefit from, providing students, and through them their parents, with information about the variety of Federal student financial assistance programs, such as Pell grants, Federal work-study and loans, and the AmeriCorps Education Awards that make college more affordable than ever before.

(b) AUTHORITY.—

(1) The Secretary, using funds appropriated under section 416H(a) of this Act—

(A) shall ensure that certificates, to be known as 21st Century Scholar Certificates, are provided to all students participating in projects under chapter 2; and

(B) may, as practicable, ensure that such certificates are provided to all students in grades 6 through 12 who attend schools at which at least 50 percent of the students enrolled are eligible for free or reduced-price lunch.

(2) A 21st Century Scholar Certificate shall be personalized for each student and indicate the amount of Federal financial aid for college for which a student may be eligible.

Subchapter B—High Hopes Partnerships

SEC. 407A. PURPOSE.

It is the purpose of this chapter to encourage and prepare students in low-income communities, beginning not later than the 7th grade, to prepare for, enter, and successfully complete college by assisting college-school-community partnerships to—

(1) provide in-school and on-campus early college awareness activities to these students and their parents;

(2) ensure ongoing adult guidance and other support to these students;

(3) provide useful, early information to these students and their parents on the need for, options related to, and financing (including the availability of financial assistance) of a college education; and

(4) help ensure that these students have access to rigorous core courses, such as algebra and geometry, that prepare them for college.

SEC. 407B. GRANTS.

(a) GRANTS AUTHORIZED.—From funds appropriated under section 407H(a), the Secretary shall make grants to college-school-community partnerships for activities under section 407D.

(b) ELIGIBLE PARTNERSHIP.—For purposes of this chapter, an eligible partnership shall include—

(1) one or more local educational agencies acting on behalf of—

(A) one or more participating schools; and

(B) the public secondary schools that students from these schools would normally attend;

(2) one or more degree granting institutions of higher education; and

(3) at least two community organizations or entities, such as businesses, professional associations, community-based organizations, or other public or private agencies or organizations.

(c) DEFINITIONS.—For the purpose of this chapter—

(1) "participating school" means a public school in which—

(A) there is a 7th grade;

(B) one or more cohorts of students receive services under this chapter; and

(C) at least 50 percent of the students enrolled are eligible for free or reduced-price lunch; and

(2) "cohort of students" means—

(A) an entire grade level of students in a participating school; or

(B) if the partnership determines that it would promote the effectiveness of a project, an entire grade level of students, beginning not later than the 7th grade, who reside in public housing as defined in section 3(b)(1) of the United States Housing Act of 1937.

(d) DURATION.—Each grant awarded under this chapter shall be for a 6-year period.

(e) COST SHARING.—

(1) Federal funds shall provide no more than 80 percent of the cost of the project in the first year, 70 percent of the cost in the second year, 60 percent of the cost in the third year, 50 percent of the cost in the fourth year, 40 percent of the cost in the fifth year, and 30 percent of the cost in the sixth year.

(2) The non-Federal share of grants awarded under this chapter may—

(A) be in cash or in kind, fairly evaluated, including services, supplies, or equipment; and

(B) include the non-Federal share of work-study grants under part C of title IV of this Act awarded to students who serve as tutors or mentors in projects under this chapter.

(3) The Secretary may waive the cost sharing requirement described in paragraph (1) for any eligible partnership that demonstrates to the satisfaction of the Secretary an extraordinary hardship that prevents compliance with that requirement.

(f) EQUITABLE GEOGRAPHIC DISTRIBUTION.—To the extent possible, the Secretary shall award grants under this chapter in a manner that achieves an equitable geographic distribution of those grants.

(g) PRIORITY AWARDS UNDER CHAPTER 2.—Before making grants under this chapter for fiscal year 1999, the Secretary shall, as appropriate, make awards to recipients eligible for continuation awards under chapter 2 of subpart 2 of this title as it was in effect prior to the enactment of the Higher Education Amendments of 1998.

SEC. 407C. GRANT APPLICATION; PREFERENCES.

(a) APPLICATION REQUIRED.—An eligible partnership desiring to receive a grant under this chapter shall submit an application to

the Secretary, in such form and containing such information, as the Secretary may require.

(b) APPLICATION CONTENTS.—Each application shall include—

(1) the name of each partner and a description of its responsibilities, including the designation of either an institution of higher education or a local educational agency as the fiscal agent for the partnership;

(2) a description of the need for the project, including a description of how the project will build on existing services and activities, if any;

(3) a listing of the human, financial (other than funds under this chapter), and other resources that each member of the partnership will contribute to the partnership, and a description of the efforts each member of the partnership will make in seeking additional resources;

(4) a description of how the project will operate, including how grant funds will be used to meet the purpose of this chapter;

(5) a description of how services will be coordinated with, and will complement and enhance, services received by participating schools and students under other related Federal and non-Federal programs, including programs under title I, part A of title VII, and part 1 of title X of the Elementary and Secondary Education Act of 1965, the School-to-Work Opportunities Act of 1994, section 402 of this Act, and the Individuals with Disabilities Education Act;

(6) a description of how the partnership will support and continue the services under this chapter after the grant has expired;

(7) an assurance from each local educational agency using funds under this chapter that—

(A) at least 50 percent of the students enrolled in each participating school are eligible for free or reduced-price lunch;

(B) its aggregate expenditures per student for activities described in this chapter will not be reduced from the level of such expenditures in the year prior to the grant; and

(C) someone at each participating school will be designated as the primary point of contact for the partnership;

(8) an assurance that participating students will have access to rigorous core academic courses that reflect challenging State or local academic standards; and

(9) an assurance that members will provide the performance information required by the Secretary, which would be used to base continuation of the grant.

(c) PREFERENCES.—In reviewing applications under this chapter, the Secretary shall give preference to projects that—

(1) will serve participating schools in which at least 75 percent of the students enrolled are eligible for free or reduced-price lunch;

(2) provide a commitment from non-Federal sources to pay all or part of the cost of college, through tuition assistance or guarantees (not already available), such as "last-dollar grants", for participating students; and

(3) hold participating students responsible for school or community service and high academic performance.

SEC. 407D. PROGRAM REQUIREMENTS; USES OF FUNDS.

(a) Program Requirements.—Projects under this chapter shall—

(1) have a program coordinator who is either full-time or whose primary responsibility is the project under this chapter;

(2) provide services to at least one cohort of students, beginning not later than the 7th grade;

(3) ensure that the services authorized under this chapter are provided through the 12th grade to students in the cohort, including students who attend another participating school or a secondary school identified under section 407B(b)(1)(B);

(4) include activities and information that foster and improve parent involvement in promoting postsecondary education for their children, including the provision of useful early information on the advantages of a college education, academic admissions requirements, and the need to take core courses, admissions and achievement tests, application procedures, college costs and options, and the availability of student financial aid;

(5) include academic counseling, career awareness, and tutoring or mentoring from trained personnel, as well as other student support services that enable students to succeed academically and apply for, enter, and complete college;

(6) include training in promoting early college awareness for classroom teachers, guidance counselors, and staff of the schools involved in the project; faculty and program personnel in participating institutions of higher education; and participating mentors and tutors;

(7) include activities on college campuses and enrichment activities associated with postsecondary education; and

(8) include arrangements that ensure that all participating students have access to rigorous core courses that reflect challenging State or local academic standards and that prepare them for college.

(b) Use of Funds.—In addition to the activities described in subsection (a), a recipient of funds under this chapter may use them—

(1) where necessary and appropriate to ensure active participation, to pay stipends to participating students and their mentors;

(2) where necessary and appropriate to ensure active participation, to pay transportation costs for participants to attend project-sponsored activities;

(3) to provide out-of-school and summer activities related to the project;

(4) for project evaluation; and

(5) to recognize the responsibility and achievement of participating students through ceremonies, awards, and other means.

SEC. 407E. SERVICES FOR STUDENTS ATTENDING PRIVATE SCHOOLS.

A local educational agency that participates in an eligible partnership shall provide services supported with Federal funds under this chapter on an equitable basis, consistent with section 14503 of

Elementary and Secondary Education Act of 1965, to students in private schools that—

(1) have a 7th grade;

(2) have students at least 50 percent of whom are eligible for free or reduced-price lunch; and

(3) are located in the normal attendance area of a participating school.

SEC. 407F. EVALUATION.

In order to improve the operation of the program assisted under this chapter, the Secretary shall, with funds appropriated under section 407H(a), make grants to, and enter into contracts and cooperative agreements with, institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the program assisted under this chapter and, as appropriate, disseminate such results.

SEC. 407G. PEER REVIEW.

The Secretary shall use a peer review process to review applications under this chapter and make recommendations for funding to the Secretary.

SEC. 407H. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated $140,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 5 succeeding fiscal years to carry out this chapter.

(b) RESERVATION FOR TECHNICAL ASSISTANCE AND PEER REVIEW.—From the amount appropriated under subsection (a) for any fiscal year, the Secretary may reserve up 0.5 percent of that amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees.

CHAPTER 4—FRANK TEJEDA SCHOLARSHIP PROGRAM

SEC. 408A. STATEMENT OF PURPOSE.

It is the purpose of this chapter to establish a Frank Tejeda Scholarship Program to recruit and train teachers who are proficient in both Spanish and English and who show promise of academic achievement.

SEC. 408B. SCHOLARSHIPS AUTHORIZED.

(a) PROGRAM AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this chapter, to award scholarships to individuals consistent with the purposes of this chapter.

(b) TEJEDA SCHOLARS.—Individuals awarded scholarships under this chapter shall be known as "Tejeda Scholars".

SEC. 408C. ALLOCATION AMONG STATES.

(a) ALLOCATION FORMULA.—From the sums appropriated pursuant to the authority of section 408H for any fiscal year, the Secretary shall allocate to each State an amount equal to $5,000 multi-

plied by the number of scholarships determined by the Secretary to be available to such State in accordance with subsection (b).

(b) Number of Scholarships Available.—The number of scholarships to be made available in a State for any fiscal year shall bear the same ratio to the number of scholarships made available to all States as the State's population ages 5 through 17 bears to the population ages 5 through 17 in all the States, except that not less than 10 scholarships shall be made available to any State.

(c) Use of Census Data.—For the purpose of this section, the population ages 5 through 17 in a State and in all the States shall be determined by the most recently available data, satisfactory to the Secretary, from the Bureau of the Census. The Bureau of the Census shall produce and publish intercensal data for Puerto Rico and the other territories.

SEC. 408D. ELIGIBILITY OF SCHOLARS.

(a) High School Graduation or Equivalent and Admission to Institution Required.—Each student awarded a scholarship under this chapter shall—

(1) be—

(A) a low-income individual, as that term is defined in section 402A(g)(2) of this title; or

(B) an individual who is eligible for a Pell Grant under subpart 1 of this part;

(2) be a citizen of the United States;

(3) be a resident of the State in which he or she applies;

(4) be enrolled or accepted for enrollment on a full- or part-time basis, at a graduate or undergraduate level, in an institution of higher education that has an accredited teacher preparation program;

(5) have demonstrated proficiency in the English and Spanish languages, as certified by the applicant's academic institution; and

(6) have agreed, upon graduation from such program—

(A) to serve no less than one year for each year of scholarship assistance, but no fewer than two years of service in total, as a teacher in a public elementary or secondary school in which there is a demonstrated need for Spanish-speaking teachers and professionals, as determined by the Secretary;

(B) to complete such service within 6 years of graduation; and

(C) that if the student is unable to complete such service, the student will, except as provided in subsection (c), repay the Secretary the total amount, or a pro rata amount of the scholarship received under this chapter in proportion to the amount of service completed, plus interest and collection costs in the same manner as repayment of a student loan made under part D of this title.

(b) Selection Based on Promise of Academic Achievement.—Each student awarded a scholarship under this chapter must demonstrate outstanding academic achievement and show promise of continued academic achievement, as certified by the student's academic institution.

(c) Exception to Repayment Obligation.—

(1) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to subsection (a)(4)(C) during any period in which the recipient—

(A) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

(B) is serving, not in excess of 3 years, as a member of the armed services of the United States;

(C) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

(D) is unable to secure employment for a period not to exceed 12 months by reason of having to care for a spouse, child, parent, or immediate family member who is disabled;

(E) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

(F) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months; or

(G) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

(2) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any scholarship assistance received under this chapter if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

SEC. 408E. SELECTION OF SCHOLARS.

(a) ESTABLISHMENT OF CRITERIA.—The Secretary shall establish criteria for the selection of scholars under this chapter that meet the requirements of section 408D.

(b) TIMING OF SELECTION.—The selection process shall be completed, and the awards made, no later than May 1 of the academic year preceding the academic year for which the award will be used.

SEC. 408F. STIPENDS AND SCHOLARSHIP CONDITIONS.

(a) AMOUNT OF AWARD.—Each student awarded a scholarship under this chapter shall receive a stipend of $5,000 for the academic year of study for which the scholarship is awarded, except that in no case shall the total amount of financial aid awarded to such student exceed such student's total cost-of-attendance.

(b) USE OF AWARD.—The State educational agency shall establish procedures to assure that a scholar awarded a scholarship under this chapter pursues a course of study at an institution of higher education.

SEC. 408G. CONSTRUCTION OF NEEDS PROVISIONS.

Notwithstanding section 471, nothing in this chapter, or any other Act, shall be construed to permit the receipt of a scholarship under this chapter to be counted for any needs test in connection with the awarding of any grant or the making of any loan under this Act or any other provision of Federal law relating to educational assistance.

SEC. 408H. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for this chapter $5,000,000 for fiscal year 1998 and such sums as may be necessary for each of the 4 succeeding fiscal years.

CHAPTER 5—CAMPUS-BASED CHILD CARE

SEC. 410A. CAMPUS-BASED CHILD CARE.

(a) PROGRAM AUTHORIZED.—

(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services to low-income students.

(2) AMOUNT OF GRANTS.—

(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than $10,000.

(3) DURATION AND PAYMENTS.—

(A) DURATION.—The Secretary shall award a grant under this section for a period of 3 years.

(B) PAYMENTS.—Subject to paragraph (2), the Secretary shall make annual grant payments under this section.

(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds $350,000.

(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program serving the needs of low-income students enrolled at the institution of higher education.

(6) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term "low-income student" means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

(b) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

(1) demonstrate that the institution is an eligible institution described in subsection (a)(4);

(2) specify the amount of funds requested;

(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application student demographics and other relevant data;

(4) identify the resources the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child

care, using resources obtained by meeting the needs of parents who are not low-income students, accessing foundation, corporate, or other institutional support, and demonstrating that the use of the resources will not result in increases in student tuition;

(5) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

(6) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

(7) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services;

(8) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

(c) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

(1) REPORTING REQUIREMENTS.—

(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months and 36 months after receiving the first grant payment under this section.

(B) CONTENTS.—The report shall include—

(i) data on the population served under this section;

(ii) information on campus and community resources and funding used to help low-income students access child care services;

(iii) information on progress made toward accreditation of any child care facility; and

(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $30,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SUBPART 3—FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

SEC. 413A. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated $675,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for the 4 succeeding fiscal years.

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SEC. 413C. AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPIENTS.

(a) * * *

* * * * * * *

(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution less than full time [and if the total financial need of all such students attending the institution exceeds 5 percent of the total financial need of all students attending such institution, then at least 5 percent of such allotment shall be made available to such students.], *then grant funds shall be made available to such independent and less-than-full-time students.*

* * * * * * *

SEC. 413D. ALLOCATION OF FUNDS.

(a) * * *

[(b) ALLOCATION OF EXCESS BASED ON PRO RATA SHARE.—From one-quarter of the remainder of the amount appropriated pursuant to section 413A(b) for any fiscal year (after making the allocations required by subsection (a)), the Secretary shall allocate to each eligible institution an amount which bears the same ratio to such one-quarter as the amount the eligible institution receives for such fiscal year under subsection (a) bears to the amount all such institutions receive under such subsection (a).]

[(c)] *(b)* ALLOCATION OF EXCESS BASED ON FAIR SHARE.—(1) From [three-quarters of] the remainder of the amount appropriated pursuant to section 413A(b) for each year (after making the allocations required by subsection (a)), the Secretary shall allocate to each eligible institution which has an excess eligible amount an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

(2) For any eligible institution, the excess eligible amount is the amount, if any, by which—

(A)(i) the amount of that institution's need (as determined under subsection [(d)] *(c)*), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 413A(b) of the fiscal year; exceeds

(B) the amount required to be allocated to that institution under subsection (a).

[(d)] *(c)* DETERMINATION OF INSTITUTION'S NEED.—(1) * * *

* * * * * * *

[(e)] *(d)* REALLOCATION OF EXCESS ALLOCATIONS.—(1) * * *

* * * * * * *

[(f)] *(e)* FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

(f) CARRY-OVER/CARRY-BACK AUTHORITY.—

(1) CARRY-OVER AUTHORITY.—

(A) CARRY-OVER UP TO 10 PERCENT.—Of the sums granted to an eligible institution under this subpart for any fiscal year, 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out the program under this subpart.

(B) REALLOCATION OF EXCESS.—Any of the sums so granted to an institution for a fiscal year which are not needed by that institution to operate programs under this subpart during that fiscal year, and which it does not wish to use during the next fiscal year as authorized in the preceding sentence, shall remain available to the Secretary for making grants under section 413B to other institutions in the same State until the close of the second fiscal year next succeeding the fiscal year for which such funds were appropriated.

(2) CARRY-BACK AUTHORITY.—

(A) CARRY-BACK UP TO 10 PERCENT.—Up to 10 percent of the sums the Secretary determines an eligible institution may receive from funds which have been appropriated for a fiscal year may be used by the institution for expenditure during the fiscal year preceding the fiscal year for which the sums were appropriated.

(B) USE OF CARRIED-BACK FUNDS.—An eligible institution may make grants to students after the end of the academic year, but prior to the beginning of the succeeding fiscal year, from such succeeding fiscal year's appropriations.

SUBPART 4—GRANTS TO STATES FOR STATE STUDENT INCENTIVES

SEC. 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.

[(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in providing grants to—

[(1) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

[(2) eligible students for campus-based community service work-study.]

(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to States to assist States in—

(1) providing grants to—

(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

(B) eligible students for campus-based community service work-study; and

(2) carrying out the activities described in section 415F.

(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—

(1) IN GENERAL.—There are authorized to be appropriated $105,000,000 for fiscal year [1993] *1999*, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) RESERVATION.—For any fiscal year for which the amount appropriated under paragraph (1) exceeds $25,000,000, the excess shall be available to carry out section 415E.

[(2)] *(3)* AVAILABILITY.—Sums appropriated pursuant to the authority of paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.

SEC. 415B. ALLOTMENT AMONG STATES.

(a) ALLOTMENT BASED ON NUMBER OF ELIGIBLE STUDENTS IN ATTENDANCE.—(1) From the sums appropriated pursuant to section 415A(b)(1) *and not reserved under section 415A(b)(2)* for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to such sums as the number of students who are deemed eligible in such State for participation in the grant program authorized by this subpart bears to the total number of such students in all the States, except that no State shall receive less than the State received for fiscal year 1979.

* * * * * * *

SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM.

(a) IN GENERAL.—From amounts reserved under section 415A(b)(2) for each fiscal year, the Secretary shall—

(1) make allotments among States in the same manner as the Secretary makes allotments among States under section 415B; and

(2) award grants to States, from allotments under paragraph (1), to enable the States to pay the Federal share of the cost of the authorized activities described in subsection (c).

(b) AUTHORIZED ACTIVITIES.—Each State receiving a grant under this section may use the grant funds for—

(1) increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need;

(2) carrying out transition programs from secondary school to postsecondary education for eligible students who demonstrate financial need;

(3) carrying out a financial aid program for eligible students who demonstrate financial need and wish to enter teaching or

computer-related careers, or other fields of study determined by the State to be critical to the State's workforce needs;

(4) carrying out early intervention programs, mentoring programs, and career education programs for eligible students who demonstrate financial need; and

(5) awarding merit or academic scholarships to eligible students who demonstrate financial need.

(c) Maintenance of Effort Requirement.—Each State receiving a grant under this section for a fiscal year shall provide the Secretary an assurance that the aggregate amount expended per student or the aggregate expenditures by the State, from funds derived from non-Federal sources, for the authorized activities described in subsection (b) for the preceding fiscal year were not less than the amount expended per student or the aggregate expenditures by the State for the activities for the second preceding fiscal year. The Secretary may waive this subsection for good cause, as determined by the Secretary.

(d) Federal Share.—The Federal share of the cost of the authorized activities described in subsection (b) for any fiscal year shall be 25 percent.

SEC. [415E.] *415F.* DEFINITION.

For the purpose of this subpart, the term "community service" means services, including direct service, planning, and applied research which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, and which—

(1) * * *

* * * * * * *

Subpart 5—Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork

SEC. 418A. MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS.

(a) * * *

* * * * * * *

(d) Management Plan Required.—Each project application shall include a management plan which contains assurances *that the grant recipient will coordinate its project, to the extent feasible, with other local, State, and Federal programs to maximize the resources available for migrant students, and* that staff shall have a demonstrated knowledge and be sensitive to the unique characteristics and needs of the migrant and seasonal farmworker population, and provisions for:

(1) * * *

* * * * * * *

(e) Five-year Grant Period; Consideration of Prior Experience.—Except under extraordinary circumstances, the Secretary shall award grants for a 5-year period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs [authorized by subpart 4 of this part in accordance with section 417A(b)(2)] *in accordance with section 402A(c)(1).*

* * * * * * *

(g) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the high school equivalency program $15,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) There are authorized to be appropriated for the college assistance migrant program $5,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(h) DATA COLLECTION.—The National Center for Education Statistics shall collect postsecondary education data on migrant students.

SUBPART 6—ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

* * * * * * *

SEC. 419G. SELECTION OF SCHOLARS.

(a) * * *

* * * * * * *

(e) TERMINATION OF ELIGIBILITY.—The eligibility of students from the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau shall expire on September 30, 2001.

* * * * * * *

SEC. 419K. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for this subpart [$10,000,000 for fiscal year 1993] *$40,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

[SUBPART 8—SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS

[SEC. 420B. SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS.

[(a) PROGRAM AUTHORITY.—Funds appropriated pursuant to subsection (c) shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

[(b) APPLICATIONS.—Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

[(1) a description of the program to be established;

[(2) assurances by the applicant to the Secretary that—

[(A) not less than two-thirds of the participants in the program are low-income individuals;

[(B) the participants require the services to pursue successfully a program of education beyond high school;

[(C) the participants are enrolled at the institution which is the recipient of the grant;

[(D) all participants will receive sufficient assistance (under this subpart, other provisions of this title, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

[(E) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

[(3) such information (and meet such conditions) as may be required by the Secretary.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purpose of this section, $20,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) DEFINITION.—For purposes of this subpart, the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using the criteria of poverty established by the Bureau of the Census.]

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

SEC. 421. STATEMENT OF PURPOSE; NONDISCRIMINATION; AND APPROPRIATIONS AUTHORIZED.

(a) * * *

* * * * * * *

[(d) LIMITATION ON AUTHORIZATION TO GUARANTEE NEW LOANS UNDER THIS PART.—Notwithstanding any other provision of this part, no new loan guarantees shall be issued after June 30, 1994, if the Secretary does not issue final regulations implementing the changes made to this part under the Higher Education Amendments of 1992 prior to that date. The authority to issue new loan guarantees shall resume upon the Secretary's issuance of such regulations. This subsection shall not provide the basis for avoiding any requirements for notice and public hearing on such regulations.]

SEC. 422. ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE LOAN INSURANCE PROGRAMS.

(a) PURPOSE OF AND AUTHORITY FOR ADVANCES TO RESERVE FUNDS.—

(1) * * *

(2) MATCHING REQUIREMENT.—No advance shall be made after June 30, 1968, unless matched by an equal amount from non-Federal sources. Such equal amount may include the unencumbered non-Federal portion of a reserve fund. As used in the preceding sentence, the term "unencumbered non-Federal portion" means the amount (determined as of the time immediately preceding the making of the advance) of the reserve fund less the greater of—

(A) * * *

* * * * * * *

Except as provided in section [428(c)(10)(E)] *428(c)(9)(E)* or (F), such unencumbered non-Federal portion shall not be subject to recall, repayment, or recovery by the Secretary.

* * * * * * *

(c) ADVANCES FOR INSURANCE OBLIGATIONS.—

(1) * * *

* * * * * * *

(6) PAYMENT OF ADVANCES WHERE NO STATE PROGRAM.—(A) * * *

(B) The Secretary may enter into an agreement with a private nonprofit institution or organization for the purpose of this paragraph under which such institution or organization—

(i) agrees to establish within such State at least one office with sufficient staff to handle written, *electronic,* and telephone inquiries from students, eligible lenders, and other persons in the State, to encourage maximum commercial lender participation within the State, and to conduct periodic visits to at least the major eligible lenders within the State;

* * * * * * *

(7) EMERGENCY ADVANCES.—The Secretary is authorized to make advances, on terms and conditions satisfactory to the Secretary, [to a guaranty agency—

[(A) in accordance with section 428(j), in order to ensure that the guaranty agency shall make loans as the lender-of-last-resort during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title; or

[(B) if the Secretary] *to a guaranty agency, if the Secretary* is seeking to terminate the guaranty agency's agreement, or assuming the guaranty agency's functions, in accordance with section [428(c)(10)(F)(v)] *428(c)(9)(F)(v),* in order to assist the agency in meeting its immediate cash needs, *and* ensure the uninterrupted payment of claims, [or ensure that the guaranty agency shall make loans as described in subparagraph (A)].

* * * * * * *

(g) PRESERVATION AND RECOVERY OF GUARANTY AGENCY RESERVES.—

(1) AUTHORITY TO RECOVER FUNDS.—Notwithstanding any other provision of law, the reserve funds of the guaranty agencies, and any assets purchased with such reserve funds, regardless of who holds or controls the reserves or assets, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part [or the program authorized by part D of this title]. However, the Secretary may not require the return of all reserve funds of a guaranty agency to the Secretary unless the Secretary determines that such return is in the best interest of the operation of the program authorized by this part [or the program authorized by part D of this title], or to ensure the proper maintenance of such agency's funds or assets or the orderly termination of the guaranty agency's operations and the liquidation of its assets. The reserves shall be maintained by each guaranty agency to pay program expenses and contingent liabilities, as authorized by the Secretary, except that—

(A) * * *

* * * * * * *

(i) ADDITIONAL RECALL OF RESERVES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall recall $30,000,000 for each of the fiscal years 1999, 2000, 2001, 2002, and 2003 from the reserve funds held by guaranty agencies.

(2) DEPOSIT.—Funds recalled by the Secretary under this subsection shall be deposited in the Treasury.

(3) REQUIRED SHARE.—The Secretary shall require each guaranty agency to return annually reserve funds under paragraph (1) based on one-fifth of the agency's required share. For purposes of this paragraph, a guaranty agency's required share shall be determined as follows:

(A) The Secretary shall impose on each guaranty agency an equal percentage reduction in the amount of the agency's reserve funds held as of September 30, 1996.

(B) The equal percentage reduction shall be the percentage obtained by dividing—

(i) $150,000,000 by

(ii) the total amount of all such agencies' reserve funds held as of September 30, 1996.

(4) OFFSET OF REQUIRED SHARES.—If any guaranty returns to the Secretary any reserves in excess of the amount required under this subsection or subsection (h), the total amount required to be returned under paragraph (1) shall be reduced by the amount of such additional reserve return.

(5) DEFINITION OF RESERVE FUNDS.—The term "reserve funds" when used with respect to a guaranty agency—

(A) includes any reserve funds in cash or liquid assets held by the guaranty agency, or held by, or under the control of, any other entity; and

(B) does not include building, equipment, or other nonliquid assets.

SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.

(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 60 days after the date of enactment of this section, deposit all funds, securities, and other liquid assets contained in the reserve fund established pursuant to section 422 of this part into a Federal Student Loan Reserve Fund (in this section and section 422B referred to as the "Federal Fund") which shall be an account of a type selected by the agency, with the approval of the Secretary.

(b) INVESTMENT OF FUNDS.—Funds maintained in the Federal Fund shall be invested in obligations issued or guaranteed by the United States or a State, or in other similarly low-risk securities selected by the guaranty agency.

(c) ADDITIONAL DEPOSITS.—After the establishment of the Federal Fund, a guaranty agency shall deposit into the Federal Fund—

(1) all amounts received from the Secretary as payment of reinsurance on loans pursuant to section 428(c)(1);

(2) from amounts collected on behalf of the obligation of a defaulted borrower, a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the

guaranty agreement was made with respect to the defaulted loan pursuant to sections 428(c)(6)(A) and 428F(a)(1)(B); and

(3) insurance premiums collected from borrowers pursuant to sections 428(b)(1)(H) and 428H(h).

(d) USES OF FUNDS.—Subject to subsection (f), the Federal Fund may only be used by a guaranty agency—

(1) to pay lender claims pursuant to section 428(b)(1)(G), section 428(j), section 437, and section 439(q); and

(2) to pay into the Agency Operating Fund established pursuant to section 422B a default prevention fee in accordance with section 428(l).

(e) OWNERSHIP OF FEDERAL FUND.—

(1) IN GENERAL.—The Federal Fund of the guaranty agency, and any assets purchased or developed with funds from the Federal Fund or any other funds considered reserve funds on the date of enactment of this section, regardless of who holds or controls the reserves or assets, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part, as provided in subsection (d) of this section.

(2) NONLIQUID RESERVE FUND AND OTHER ASSETS.—Notwithstanding any other provision of law, nonliquid reserve fund assets, such as buildings and equipment purchased or developed by the guaranty agency with funds from the Federal Fund, or any other funds considered reserve funds on the date of enactment of this section shall—

(A) remain the property of the United States;

(B) be used only for such purposes as the Secretary determines are appropriate; and

(C) be subject to such restrictions on the disposition of such assets (which may include a requirement that any sale of such assets be at not less than fair market value) as the Secretary determines are appropriate.

(f) TRANSITION.—

(1) IN GENERAL.—In order to establish the Agency Operating Fund authorized by section 422B, each guaranty agency may transfer up to 180 days cash expenses for normal operating expenses, as a working capital reserve as defined in Office of Management and Budget circular A–87 (Cost Accounting Standards) from the Federal Fund for deposit into the Agency Operating Fund for use in the performance of its duties under this part. Such transfers may occur during the first three years following the establishment of the Operating Fund. However, no agency may transfer in excess of 50 percent of the Federal Fund balance to its Operating Fund during any fiscal year. In determining the transfer amount, the agency shall insure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet the reserve recall requirements of the Balanced Budget Act of 1997.

(2) REPAYMENT PROVISIONS.—Each guaranty agency shall begin repayment of sums transferred pursuant to this subsection no later than the start of the fourth year after the establishment of the Agency Operating Fund, and shall repay all amounts transferred no later than 5 years from the date of the

establishment of the Agency Operating Fund. Each guaranty agency shall provide to the Secretary, on an annual basis, a financial analysis demonstrating its ability to repay all outstanding amounts while any transferred amounts are owned to the Federal Fund.

(3) SPECIAL RULE.—In applying the minimum reserve level required by section 428(c)(9)(A), the Secretary shall include all amounts owed to the Federal Fund by the agency due to transfers allowed under paragraph (1) in the calculation.

SEC. 422B. AGENCY OPERATING FUND.

(a) ESTABLISHMENT.—Each guaranty agency shall, not later than 60 days after the date of enactment of this section, establish a fund designated as the Agency Operating Fund (hereinafter referred to as the "Operating Fund").

(b) INVESTMENT OF FUNDS.—Funds deposited into the Operating Fund shall be invested at the discretion of the guaranty agency in accordance with prudent investor standards.

(c) ADDITIONAL DEPOSITS.—After the establishment of the Operating Fund, the guaranty agency shall deposit into the Operating Fund—

(1) the loan processing and issuance fee paid by the Secretary pursuant to section 428(f);

(2) the portfolio maintenance fee paid by the Secretary pursuant to section 458;

(3) the default prevention fee paid in accordance with section 428(l);

(4) amounts retained by the guaranty agency pursuant to section 428(c)(6)(B) from collection on defaulted loans held by the agency, after payment of the Secretary's equitable share, excluding amounts deposited in the Federal Fund pursuant to section 422A(c)(2); and

(5) interest earned on the Federal Fund during the first 3 years after the date of enactment of this section, but only to the extent permitted by regulations prescribed by the Secretary to permit a limited number of guaranty agencies (not to exceed 10) essential resources to maintain sufficient operating funds and to restructure their operations in accordance with the requirements of this section and section 422A.

(d) USES OF FUNDS.—

(1) IN GENERAL.—Funds in the Operating Fund shall be used for activities related to student financial aid, including application processing, loan disbursement, enrollment and repayment status management, default prevention activities, default collection activities, school and lender training, financial awareness and outreach activities, compliance monitoring, other loan program related activities in support of postsecondary education and other student financial aid related activities as determined by the guaranty agency.

(2) SPECIAL RULE.—The guaranty agency may, in its discretion, transfer funds from the Operating Fund to the Federal Student Loan Reserve Fund for use in accordance with section 422A. Such transfer shall be irrevocable, and any funds so transferred shall become the property of the United States.

(3) DEFINITIONS.—For purposes of this subsection:

(A) The term "default collection activities" means activities of a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the due diligence activities required pursuant to regulations of the Secretary.

(B) The term "default prevention activities" means activities of a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being legally in a default status, including due diligence activities required pursuant to regulations of the Secretary.

(C) The term "enrollment and repayment status management" means activities of a guaranty agency which are directly related to ascertaining the student's enrollment status, including prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part.

(e) OWNERSHIP OF OPERATING FUND.—The Operating Fund of the guaranty agency shall be considered to be the property of the guaranty agency. The Secretary may regulate the uses or expenditure of moneys in the Operating Fund with respect to activities required under guaranty agency agreements under subsections (b) and (c) of section 428 until such time as a guaranty agency has repaid to the Federal Fund all reserve funds transferred under section 422A(f). During any period in which funds are owed to the Federal Fund as a result of a transfer under 422A(f), moneys in the Operating Fund may only be used for expenses related to the student loan programs authorized under this part. The Secretary may require such necessary reports and audits as provided in section 428(b)(2).

* * * * * * *

SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

(a) LIMITATIONS ON AMOUNTS OF LOANS COVERED BY FEDERAL INSURANCE.—The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 435) to students covered by Federal loan insurance under this part shall not exceed $2,000,000,000 for the period from July 1, 1976, to September 30, 1976, and for each of the succeeding fiscal years ending prior to October 1, [2002] *2004*. Thereafter, Federal loan insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, [2006] *2008*.

* * * * * * *

SEC. 425. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE.

(a) ANNUAL AND AGGREGATE LIMITS.—

(1) ANNUAL LIMITS.—(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) $2,625, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 481); *and*

[(II) $1,750, if such student is enrolled in a program whose length is less than one academic year, but at least ⅔ of such an academic year; and

[(III) $875, if such student is enrolled in a program whose length is less than ⅔, but at least ⅓, of such an academic year;]

(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;

* * * * * * *

(iii) in the case of a student at an eligible institution who has successfully completed the first and second years of a program of undergraduate education but has not successfully completed the remainder of such program—

(I) $5,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year; *and*

* * * * * * *

[SEC. 427A. APPLICABLE INTEREST RATES.

[(a) RATES TO BE CONSISTENT FOR BORROWER'S ENTIRE DEBT.—With respect to any loan to cover the cost of instruction for any period of instruction beginning on or after January 1, 1981, the rate of interest applicable to any borrower shall—

[(1) not exceed 7 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has an outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, for which the interest rate does not exceed 7 percent;

[(2) except as provided in paragraph (3), be 9 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has no outstanding balance of principal or interest on any loan described in paragraph (1) or any loan for which the interest rate is determined under paragraph (1); or

[(3) be 8 percent per year on the unpaid principal balance of the loan for a loan to cover the cost of education for any period of enrollment beginning on or after a date which is 3 months after a determination made under subsection (b) in the case of any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan for which the interest rate is determined under paragraph (1) or (2) of this subsection.

[(b) REDUCTION FOR NEW BORROWERS AFTER DECLINE IN TREASURY BILL RATES.—If for any 12-month period beginning on or after January 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period is equal to or less than 9 percent, the interest rate for loans under this part shall be the rate prescribed in subsection (a)(3) for borrowers described in such subsection.

[(c) RATES FOR SUPPLEMENTAL LOANS FOR STUDENTS AND LOANS FOR PARENTS.—

[(1) IN GENERAL.—Except as otherwise provided in this subsection, the applicable rate of interest on loans made pursuant to section 428A or 428B on or after October 1, 1981, shall be 14 percent per year on the unpaid principal balance of the loan.

[(2) REDUCTION OF RATE AFTER DECLINE IN TREASURY BILL RATES.—If for any 12-month period beginning on or after October 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period is equal to or less than 14 percent, the applicable rate of interest for loans made pursuant to section 428A or 428B on and after the first day of the first month beginning after the date of publication of such determination shall be 12 percent per year on the unpaid principal balance of the loan.

[(3) INCREASE OF RATE AFTER INCREASE IN TREASURY BILL RATES.—If for any 12-month period beginning on or after the date of publication of a determination under paragraph (2), the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period exceeds 14 percent, the applicable rate of interest for loans made pursuant to section 428A or 428B on and after the first day of the first month beginning after the date of publication of that determination under this paragraph shall be 14 percent per year on the unpaid principal balance of the loan.

[(4) AVAILABILITY OF VARIABLE RATES.—(A) For any loan made pursuant to section 428A or 428B and disbursed on or after July 1, 1987, or any loan made pursuant to such section prior to such date that is refinanced pursuant to section

428A(d) or 428B(d), the applicable rate of interest during any 12-month period beginning on July 1 and ending on June 30 shall be determined under subparagraph (B), except that such rate shall not exceed 12 percent.

[(B) For any 12-month period beginning on July 1 and ending on June 30, the rate determined under this subparagraph is determined on the preceding June 1 and is equal to—

[(i) the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to such June 1; plus

[(ii) 3.25 percent.

[(C) The Secretary shall determine the applicable rate of interest under subparagraph (B) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(D) Notwithstanding subparagraph (A)—

[(i) for any loan made pursuant to section 428A for which the first disbursement is made on or after October 1, 1992—

[(I) subparagraph (B) shall be applied by substituting "3.1" for "3.25"; and

[(II) the interest rate shall not exceed 11 percent; and

[(ii) for any loan made pursuant to section 428B for which the first disbursement is made on or after October 1, 1992—

[(I) subparagraph (B) shall be applied by substituting "3.1" for "3.25"; and

[(II) the interest rate shall not exceed 10 percent.

[(E) Notwithstanding subparagraphs (A) and (D) for any loan made pursuant to section 428B for which the first disbursement is made on or after July 1, 1994—

[(i) subparagraph (B) shall be applied by substituting "3.1" for "3.25"; and

[(ii) the interest rate shall not exceed 9 percent.

[(d) INTEREST RATES FOR NEW BORROWERS AFTER July 1, 1988.—Notwithstanding subsections (a) and (b) of this section, with respect to any loan (other than a loan made pursuant to sections 428A, 428B, and 428C) to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1988, to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, the applicable rate of interest shall be—

[(1) 8 percent per year on the unpaid principal balance of the loan during the period beginning on the date of the disbursement of the loan and ending 4 years after the commencement of repayment; and

[(2) 10 percent per year on the unpaid principal balance of the loan during the remainder of the repayment period.

[(e) INTEREST RATES FOR NEW BORROWERS AFTER OCTOBER 1, 1992.—

[(1) In general.—Notwithstanding subsections (a), (b), and (d) of this section, with respect to any loan (other than a loan made pursuant to sections 428A, 428B and 428C) for which the first disbursement is made on or after October 1, 1992, to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under section 427, 428, or 428H of this part, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

[(B) 3.10 percent,

except that such rate shall not exceed 9 percent.

[(2) Consultation.—The Secretary shall determine the applicable rate of interest under paragraph (1) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(f) Interest Rates for New Loans After July 1, 1994.—

[(1) In general.—Notwithstanding subsections (a), (b), (d), and (e) of this section, with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

[(B) 3.10 percent,

except that such rate shall not exceed 8.25 percent.

[(2) Consultation.—The Secretary shall determine the applicable rate of interest under paragraph (1) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(g) In School and Grace Period Rules.—

[(1) General rule.—Notwithstanding the provisions of subsection (f), but subject to subsection (h), with respect to any loan under section 428 or 428H of this part for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

[(A) prior to the beginning of the repayment period of the loan; or

[(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall not exceed the rate determined under paragraph (2).

[(2) RATE DETERMINATION.—For purposes of paragraph (1), the rate determined under this paragraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to such June 1; plus

[(B) 2.5 percent,

except that such rate shall not exceed 8.25 percent.

[(3) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(h) INTEREST RATES FOR NEW LOANS AFTER JULY 1, 1998.—

[(1) IN GENERAL.—Notwithstanding subsections (a), (b), (d), (e), (f), and (g) of this section, with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to sections 428B and 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of the securities with a comparable maturity as established by the Secretary; plus

[(B) 1.0 percent,

except that such rate shall not exceed 8.25 percent.

[(2) INTEREST RATES FOR NEW PLUS LOANS AFTER JULY 1, 1998.—Notwithstanding subsections (a), (b), (d), (e), (f), and (g), with respect to any loan made under section 428B for which the first disbursement is made on or after July 1, 1998, paragraph (1) shall be applied—

[(A) by substituting "2.1 percent" for "1.0 percent" in subparagraph (B); and

[(B) by substituting "9.0 percent" for "8.25 percent" in the matter following such subparagraph.

[(3) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(i) TREATMENT OF EXCESS INTEREST PAYMENTS ON NEW BORROWER ACCOUNTS RESULTING FROM DECLINE IN TREASURY BILL RATES.—

[(1) EXCESS INTEREST ON 10 PERCENT LOANS.—If, with respect to a loan for which the applicable interest rate is 10 percent under subsection (d) of this section at the close of any calendar quarter, the sum of the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter and 3.25 percent is less than 10 percent, then an adjustment shall be made to a borrower's account—

[(A) by calculating excess interest in the amount computed under paragraph (2) of this subsection; and

[(B)(i) during any period in which a student is eligible to have interest payments paid on his or her behalf by the

Government pursuant to section 428(a), by crediting the excess interest to the Government; or

[(ii) during any other period, by crediting such excess interest to the reduction of principal to the extent provided in paragraph (5) of this subsection.

[(2) AMOUNT OF ADJUSTMENT FOR 10 PERCENT LOANS.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

[(A) 10 percent minus the sum of (i) the average of the bond equivalent rates of 91-day Treasury bills auctioned for such calendar quarter, and (ii) 3.25 percent; multiplied by

[(B) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

[(C) four.

[(3) EXCESS INTEREST ON LOANS AFTER 1992 AMENDMENTS, TO BORROWERS WITH OUTSTANDING BALANCES.—If, with respect to a loan made on or after the date of enactment of the Higher Education Amendments of 1992 to a borrower, who on the date of entering into the note or other written evidence of the loan, has an outstanding balance of principal or interest on any other loan made, insured, or guaranteed under this part, the sum of the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter and 3.1 percent is less than the applicable interest rate, then an adjustment shall be made—

[(A) by calculating excess interest in the amount computed under paragraph (4) of this subsection; and

[(B)(i) during any period in which a student is eligible to have interest payments paid on his or her behalf by the Government pursuant to section 428(a), by crediting the excess interest to the Government; or

[(ii) during any other period, by crediting such excess interest to the reduction of principal to the extent provided in paragraph (5) of this subsection.

[(4) AMOUNT OF ADJUSTMENT.—The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

[(A) the applicable interest rate minus the sum of (i) the average of the bond equivalent rates of 91-day Treasury bills auctioned for such calendar quarter, and (ii) 3.1 percent; multiplied by

[(B) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

[(C) four.

[(5) ANNUAL ADJUSTMENT OF INTEREST AND BORROWER ELIGIBILITY FOR CREDIT.—Any adjustment amount computed pursuant to paragraphs (2) and (4) of this subsection for any quarter shall be credited, by the holder of the loan on the last day of the calendar year in which such quarter falls, to the loan account of the borrower so as to reduce the principal balance of such account. No such credit shall be made to the loan account of a borrower who on the last day of the calendar year is delinquent for more than 30 days in making a required payment on the loan, but the excess interest shall be calculated and credited to the Secretary. Any credit which is to be made to a borrower's account pursuant to this subsection shall be made effective commencing no later than 30 days following the last day of the calendar year in which the quarter falls for which the credit is being made. Nothing in this subsection shall be construed to require refunding any repayment of a loan. At the option of the lender, the amount of such adjustment may be distributed to the borrower either by reduction in the amount of the periodic payment on the loan, by reducing the number of payments that shall be made with respect to the loan, or by reducing the amount of the final payment of the loan. Nothing in this paragraph shall be construed to require the lender to make additional disclosures pursuant to section 433(b).

[(6) PUBLICATION OF TREASURY BILL RATE.—For the purpose of enabling holders of loans to make the determinations and adjustments provided for in this subsection, the Secretary shall for each calendar quarter commencing with the quarter beginning on July 1, 1987, publish a notice of the average of the bond equivalent rates of 91-day Treasury bills auctioned for such quarter. Such notice shall be published not later than 7 days after the end of the quarter to which the notice relates.

[(7) CONVERSION TO VARIABLE RATE.—(A) Subject to subparagraphs (C) and (D), a lender or holder shall convert the interest rate on a loan that is made pursuant to this part and is subject to the provisions of this subsection to a variable rate. Such conversion shall occur not later than January 1, 1995, and, commencing on the date of conversion, the applicable interest rate for each 12-month period beginning on July 1 and ending on June 30 shall be determined by the Secretary on the June 1 preceding each such 12-month period and be equal to the sum of (i) the bond equivalent rate of the 91-day Treasury bills auctioned at the final auction prior to such June 1; and (ii) 3.25 percent in the case of loans described in paragraph (1), or 3.10 percent in the case of loans described in paragraph (3).

[(B) In connection with the conversion specified in subparagraph (A) for any period prior to such conversion, and subject to paragraphs (C) and (D), a lender or holder shall convert the interest rate to a variable rate on a loan that is made pursuant to this part and is subject to the provisions of this subsection to a variable rate. The interest rates for such period shall be reset on a quarterly basis and the applicable interest rate for any quarter or portion thereof shall equal the sum of (i) the average of the bond equivalent rates of 91-Treasury bills auctioned for the preceding 3-month period, and (ii) 3.25 percent in the case of loans described in paragraph (1) or 3.10 percent in the case of loans described in paragraph (3). The rebate of excess interest derived through this conversion shall be provided to the borrower as specified in paragraph (5) for loans described in paragraph (1) or to the Government and borrower as specified in paragraph (3).

[(C) A lender or holder of a loan being converted pursuant to this paragraph shall complete such conversion on or before January 1, 1995. The lender or holder shall notify the borrower that the loan shall be converted to a variable interest rate and provide a description of the rate to the borrower not later than 30 days prior to the conversion. The notice shall advise the borrower that such rate shall be calculated in accordance with the procedures set forth in this paragraph and shall provide the borrower with a substantially equivalent benefit as the adjustment otherwise provided for under this subsection. Such notice may be incorporated into the disclosure required under section 433(b) if such disclosure has not been previously made.

[(D) The interest rate on a loan converted to a variable rate pursuant to this paragraph shall not exceed the maximum interest rate applicable to the loan prior to such conversion.

[(E) Loans on which the interest rate is converted in accordance with subparagraph (A) or (B) shall not be subject to any other provisions of this subsection.

[(j) LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

[(k) DEFINITIONS.—For the purpose of subsections (a) and (d) of this section—

[(1) the term "period of instruction" shall, at the discretion of the lender, be any academic year, semester, trimester, quarter, or other academic period; or shall be the period for which the loan is made as determined by the institution of higher education; and

[(2) the term "period of enrollment" shall be the period for which the loan is made as determined by the institution of higher education and shall coincide with academic terms such as academic year, semester, trimester, quarter, or other academic period as defined by such institution.]

SEC. 427A. APPLICABLE INTEREST RATES.

(a) INTEREST RATES FOR NEW LOANS ON OR AFTER JULY 1, 1998.—

(1) IN GENERAL.—Subject to paragraph (2), with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any loan under this part (other than a loan made pursuant to section 428B or 428C) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest for interest which accrues—

(A) prior to the beginning of the repayment period of the loan; or

(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting "1.7 percent" for "2.3 percent".

(3) PLUS LOANS.—With respect to any loan under section 428B for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

(A) by substituting "3.1 percent" for "2.3 percent"; and

(B) by substituting "9.0 percent" for "8.25 percent".

(b) LESSER RATES PERMITTED.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

(c) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this section after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

SEC. 428. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

(a) FEDERAL INTEREST SUBSIDIES.—

(1) * * *

[(2) ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

[(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

[(I) sets forth such student's estimated cost of attendance (as determined under section 472);

[(II) sets forth such student's estimated financial assistance; and

[(III) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; and

[(ii) meet the requirements of subparagraph (B); and

[(iii) have provided to the lender at the time of application for a loan made, insured, or guaranteed under this part, the student's driver's number, if any.

[(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part F of this title) and the amount of such need, subject to the provisions of subparagraph (D).

[(C) For the purpose of paragraph (1) and this paragraph—

[(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part

A (as determined in accordance with section 484(b)), subpart 3 of part A, and parts C and E of this title, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including veterans' education benefits (as defined in section 480(c)), plus other scholarship, grant, or loan assistance; and

[(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated in accordance with part F.]

(2) ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall provide to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which certifies the eligibility of the student to receive a loan under this part and the amount of the loan for which such student is eligible.

(B) A student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement that—

(i) at the lender's request, sets forth such student's estimated cost of attendance (as determined under section 472);

(ii) sets forth such student's estimated financial assistance; and

(iii) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

(C) For the purpose of clause (ii) of subparagraph (B), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part F of this title) and the amount of such need, subject to the provisions of subparagraph (D).

* * * * * * *

(5) DURATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS.—The period referred to in subparagraph (B) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of September 30, **[2002]** *2004*, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his or her education program, such period shall end at the close of September 30, **[2006]** *2008*.

* * * * * * *

(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—

(1) REQUIREMENTS OF INSURANCE PROGRAM.—Any State or any nonprofit private institution or organization may enter into an agreement with the Secretary for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments pro-

vided for in subsection (a) if the Secretary determines that the student loan insurance program—

(A) authorizes the insurance in any academic year or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution or in a program of study abroad approved for credit by the eligible home institution at which such student is enrolled at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) $2,625, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 481); *and*

[(II) $1,750, if such student is enrolled in a program whose length is less than one academic year, but at least ⅔ of such an academic year; and

[(III) $875, if such student is enrolled in a program whose length is less than ⅔, but at least ⅓, of such an academic year;]

(II) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;

* * * * * * *

(iii) in the case of a student at an eligible institution who has successfully completed the first and second years of a program of undergraduate education but has not successfully completed the remainder of such program—

(I) $5,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year; *and*

* * * * * * *

(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) the repayment period of any insured loan may not exceed 10 years, [and (iii)] *(iii) the student borrower may annually change the selection of a repayment plan under this part, and (iv)* the note, or other written evidence of any loan, may contain such reasonable provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Secretary in effect at the time such note or written evidence was executed, and shall contain a notice that repayment may, following a default by the borrower, be subject to income contingent repayment in accordance with subsection (m);

* * * * * * *

(G) insures [not less than] 98 percent of the unpaid principal of loans insured under the program, except that such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to section 428(j) or 439(q);

* * * * * * *

(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period—

(i) during which the borrower—

(I) is pursuing at least a half-time course of study as determined by an eligible institution, *except that no borrower, notwithstanding the provisions of the promissory note, shall be required to borrow an additional loan under this title in order to be eligible to receive a deferment under this clause*; or

* * * * * * *

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment, *except that no borrower who qualifies for unemployment benefits shall be required to provide any additional paperwork for a deferment under this clause*; or

* * * * * * *

(U) provides (i) for the eligibility of all lenders described in section 435(d)(1) under reasonable criteria, unless (I) that lender is eliminated as a lender under regulations for the [emergency action,,] *emergency action,* limitation, suspension, or termination of a lender under the Federal student loan insurance program or is eliminated as a lender pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility as a lender issued under the Federal student loan insurance program, or (II) there is a State constitutional prohibition affecting the eligibility of a lender, (ii) assurances that the guaranty agency will report to the Secretary concerning changes in such criteria, including any procedures in effect under such program to take [emergency action,,] *emergency action,* limit, suspend, or terminate lenders, and (iii) for (I) [a compliance audit of each lender] *in the case of any lender that originates or holds more than $5,000,000 in loans made* *under this title during an annual audit period, a compliance audit of such lender* at least once a year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary, or (II) with regard to a lender that is audited under chapter 75 of title 31, United States Code, such audit shall be deemed to satisfy the requirements of subclause (I) for the period covered by such audit, except that the Secretary may waive the requirements of this clause (iii) if the lender submits to the Secretary the results of an audit conducted for other purposes that the Secretary determines provides the same information as the audits required by this clause;

* * * * * * *

(W) provides assurances that the agency will implement all requirements of the Secretary for uniform claims and procedures pursuant to section 432(l); [and]

(X) provides information to the Secretary in accordance with section [428(c)(10)] *428(c)(9)* and maintains reserve funds determined by the Secretary to be sufficient in relation to such agency's guarantee obligations[.]*; and*

(Y) provides that the lender shall determine the eligibility of a borrower for a deferment described in subparagraph (M)(i) based on receipt of (i) a request for deferment from the borrower, (ii) a newly completed loan application that documents the borrower's eligibility for a deferment, or (iii) student status information received by the lender that the borrower is enrolled on at least a half-time basis.

* * * * * * *

(3) RESTRICTIONS ON INDUCEMENTS, MAILINGS, AND ADVERTISING.—A guaranty agency shall not—

(A) * * *

* * * * * * *

[(C) conduct unsolicited mailings to students enrolled in secondary school of student loan application forms; or]

(C) conduct unsolicited mailings of student loan application forms to students enrolled in secondary school or a postsecondary institution, or to parents of such students, except that applications may be mailed to students who have previously received loans guaranteed under this part by the guaranty agency; or

(D) conduct fraudulent or misleading advertising concerning loan availability.

It shall not be a violation of this paragraph for a guaranty agency to provide assistance to institutions of higher education comparable to the kinds of assistance provided to institutions of higher education by the Department of Education.

* * * * * * *

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency as reimbursement under this subsection shall be equal to **[**98**]** *95* percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. A guaranty agency shall file a claim for reimbursement with respect to losses under this subsection within 45 days after the guaranty agency discharges its insurance obligation on the loan.

(B) Notwithstanding subparagraph (A)—

(i) if, for any fiscal year, the amount of such reimbursement payments by the Secretary under this subsection exceeds 5 percent of the loans which are insured by such guaranty agency under such program and which were in repayment at the end of the preceding fiscal year, the amount to be paid as reimbursement under this subsection for such excess shall be equal to **[**88**]** *85* percent of the amount of such excess; and

(ii) if, for any fiscal year, the amount of such reimbursement payments exceeds 9 percent of such loans, the amount to be paid as reimbursement under this subsection for such excess shall be equal to **[**78**]** *75* percent of the amount of such excess.

* * * * * * *

[(D) Reimbursements of losses made by the Secretary on loans submitted for claim by an eligible lender, servicer, or guaranty agency designated for exceptional performance under section 428I shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender, servicer, or guaranty agency engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.**]**

[(E)**]** *(D)* Notwithstanding any other provisions of this section, in the case of a loan made pursuant to a lender-of-last-resort program, the Secretary shall apply the provisions of—

(i) the fourth sentence of subparagraph (A) by substituting "100 percent" **[**for "98 percent";**]** *for "95 percent";*

(ii) subparagraph (B)(i) by substituting "100 percent" **[**for "88 percent";**]** *for "85 percent";* and

(iii) subparagraph (B)(ii) by substituting "100 percent" [for "78 percent".] *for "75 percent".*

[(F)] *(E)* Notwithstanding any other provisions of this section, in the case of an outstanding loan transferred to a guaranty agency from another guaranty agency pursuant to a plan approved by the Secretary in response to the insolvency of the latter such guarantee agency, the Secretary shall apply the provision of—

(i) the fourth sentence of subparagraph (A) by substituting "100 percent" [for "98 percent";] *for "95 percent";*

(ii) subparagraph (B)(i) by substituting "90 percent" [for "88 percent";] *for "85 percent";* and

(iii) subparagraph (B)(ii) by substituting "80 percent" [for "78 percent".] *for "75 percent".*

(2) CONTENTS OF GUARANTY AGREEMENTS.—The guaranty agreement—

(A) * * *

* * * * * * *

(H) set forth assurances that—

(i) * * *

[(ii) the guaranty agency may require the payment by the institution of a reasonable fee (as determined in accordance with regulations prescribed by the Secretary) for such information; and]

(ii) the guaranty agency shall not require the payment from the institution of any fee for such information; and

* * * * * * *

(3) FORBEARANCE.—A guaranty agreement under this subsection—

(A) shall contain provisions providing that—

(i) upon [written] request, a lender shall grant a borrower forbearance, renewable at 12-month intervals, on terms agreed to in writing by the parties to the loan with the approval of the insurer, and otherwise consistent with the regulations of the Secretary, if the borrower—

(I) * * *

* * * * * * *

(B) may, to the extent provided in regulations of the Secretary, contain provisions that permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer, *including forbearance granted after consideration of a borrower's total debt burden*; and

* * * * * * *

Guaranty agencies shall not be precluded from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default. The Secretary shall permit lenders to exercise administrative forbearances that do not require the agreement of the borrower, under conditions authorized by the Secretary. Such forbearances shall include (i) forbearances for borrowers who are delinquent at the time of the granting of an authorized period of deferment under section 428(b)(1)(M) or 427(a)(2)(C), [and (ii)] *(ii)* if the borrower is less than 60 days delinquent on such loans at the time of sale or transfer, forbearances for borrowers on loans which are sold or transferred, *and (iii) forbearance for periods not to exceed 60 days if the lender reasonably determines that such suspensions are necessary to research or process information relative to such loan or to collect appropriate documentation relating to the borrower's request for a deferment or forbearance.*

* * * * * * *

(6) SECRETARY'S EQUITABLE SHARE.—[(A)] For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

[(i)] *(A)* a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

[(ii) an amount equal to 27 percent of such payments (subject to subparagraph (D) of this paragraph) for costs related to the student loan insurance program, including the administrative costs of collection of loans reimbursed under this subsection, the administrative costs of preclaims assistance for default prevention, the administrative costs of supplemental preclaims assistance for default prevention, and the administrative costs of monitoring the enrollment and payment status of students (as such terms are defined in subparagraph (B) or (C) of this paragraph).

[(B) For the purpose of this paragraph and subsection (f) of this section, the term—

[(i) "administrative costs of collection of loans" means any administrative costs incurred by a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable;

[(ii) "administrative costs of preclaim assistance for default prevention" means any administrative costs incurred by a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being legally in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the collection activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable; and

[(iii) "administrative costs of monitoring the enrollment and repayment status of students" means any administrative costs by a guaranty agency which are directly related to ascertaining the student's enrollment status, prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part,

subject to such additional criteria as the Secretary may by regulation prescribe.

[(C)(i) For the purpose of subsection (1), "administrative costs of supplemental preclaims assistance" means (subject to divisions (ii) through (iv)) any administrative costs—

[(I) incurred by a guaranty agency in connection with a loan on which the guarantor has exercised preclaims assistance generally comparable in intensiveness to the level of preclaims assistance performed, prior to the 120th day of delinquency, by the guaranty agency as of October 16, 1990, and which has been in delinquent status for at least 120 days; and

[(II) which are directly related to providing collection assistance to the lender on a delinquent loan, prior to a claim being filed with the guaranty agency.

including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions, only the portion of compensation attributable to the collection assistance), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges, but does not include overhead costs.

[(ii) The administrative costs for which payment under subsection (1) is authorized under this subparagraph must be clearly supplemental to the preclaim assistance for default prevention described in division (i)(I) of this subparagraph.

[(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

[(I) that is the holder or servicer of the loan or an organization or entity that owns or controls the holder or servicer of the loan;

[(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or servicer of the loan; or

[(III) that is an organization or entity that has a contract with a guaranty agency to perform collection activities with respect to the same loans in the event of default.

[(iv) In the case of accounts brought into repayment status as a result of performing supplemental preclaims assistance, the cost of such assistance is a permissible charge to the borrower (for the cost of collection) for which the borrower shall be liable.]

(B) an amount equal to 24 percent of such payments for use in accordance with section 422B.

* * * * * * *

(8) ASSIGNMENT TO PROTECT FEDERAL FISCAL INTEREST.—[(A)] If the Secretary determines that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan of which it is the holder and for which the Secretary has made a payment pursuant to paragraph (1) of this subsection.

[(B) An orderly transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title shall be deemed to be in the Federal fiscal interest, and a guaranty agency shall promptly assign loans to the Secretary under this paragraph upon the Secretary's request.]

(9) GUARANTY AGENCY RESERVE LEVEL.—(A) * * *

* * * * * * *

(C) If (i) any guaranty agency falls below the required minimum reserve level in any 2 consecutive years, (ii) any guaranty agency's Federal reimbursement payments are reduced to [80 percent pursuant to section 428(c)(1)(B)(ii)] *85 percent pursuant to paragraph (1)(B)(i) of this subsection*, or (iii) the Secretary determines that the administrative or financial condition of a guaranty agency jeopardizes such agency's continued ability to perform its responsibilities under its guaranty agreement, then the Secretary shall require, as appropriate, the guaranty agency to submit and implement a management plan acceptable to the Secretary within [30] *45* working days of any such event.

* * * * * * *

(E) The Secretary may terminate a guaranty agency's agreement in accordance with subparagraph (F) if—

(i) * * *

* * * * * * *

(iv) the Secretary determines that such action is necessary to protect the Federal fiscal interest; *or*

(v) the Secretary determines that such action is necessary to ensure the continued availability of loans to student or parent borrowers[; or].

[(vi) the Secretary determines that such action is necessary to ensure an orderly transition from the loan programs under this part to the direct student loan programs under part D of this title.]

(F) If a guaranty agency's agreement under this subsection is terminated pursuant to subparagraph (E), then the Secretary shall assume responsibility for all functions of the guaranty agency under the loan insurance program of such agency. In performing such functions the Secretary is authorized to—

(i) * * *

* * * * * * *

(vii) take any other action the Secretary determines necessary to ensure the continued availability of loans made under this part to residents of the State or States in which the guaranty agency did business, the full honoring of all guarantees issued by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency, [to avoid disruption of the student loan program, and to ensure an orderly transition from the loan programs under this part to the direct student loan programs under part D of this title.] *and to avoid disruption of the student loan program.*

* * * * * * *

(I) The Secretary shall not take any action under subparagraph (E) or (F) without giving the guaranty agency notice and the opportunity for a hearing *on the record*.

(J) Notwithstanding any other provision of law, the information transmitted to the Secretary pursuant to this paragraph shall be confidential and exempt from disclosure under section 552 of title 5, United States Code, relating to freedom of information, or any other Federal law.

(K) The Secretary, within 3 months after the end of each fiscal year, shall submit to the House Committee on Education and [Labor] *the Workforce* and the Senate Committee on Labor and Human Resources a report specifying the Secretary's assessment of the fiscal soundness of the guaranty agency system [and the progress of the transition from the loan programs under this part to the direct student loan programs under part D of this title].

* * * * * * *

(e) PAYMENTS FOR LENDER REFERRAL SERVICES.—

(1) IN GENERAL; AGREEMENTS WITH GUARANTY AGENCIES.—(A) * * *

(B)(i) * * *

(ii) The Secretary shall publish in the Federal Register whatever standards, criteria, and procedures, consistent with the provisions of this part and part D of this title, the Secretary determines are reasonable and necessary to provide lender referral services under this subsection and ensure loan access to student and parent borrowers [during the transition from the loan programs under this part to the direct student loan programs under part D of this title]. Section 431 of the General Education Provisions Act shall not apply to the publication of such standards, criteria, and procedures.

* * * * * * *

(3) AMOUNT OF PAYMENT.—From funds available [for costs of transition] under section 458 of the Act, the amount which the

Secretary shall pay to any eligible guaranty agency under this paragraph shall be equal to one-half of 1 percent of the total principal amount of the loans (upon which insurance was issued under this part) to a student described in paragraph (2) who subsequently obtained such loans because of such agency's referral service.

* * * * * * *

(f) Payments of Certain Costs.—

[(1) Payments Based on Insurance Program Agreement.—(A) For a fiscal year prior to fiscal year 1994, the Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency for the purposes of—

[(i) the administrative cost of promotion of eligible lender participation;

[(ii) the administrative costs of collection of loans;

[(iii) the administrative costs of preclaims assistance for default prevention;

[(iv) the administrative costs of monitoring the enrollment and repayment status of students; or

[(v) other such costs related to the student loan insurance program subject to such agreement.]

(1) Payment for certain activities.—(A) The Secretary shall, in accordance with the provisions of this paragraph, pay to each guaranty agency for each fiscal year a loan processing and issuance fee equal to 0.65 percent of the total principal amount of the loans on which insurance was issued under this part during such fiscal year by such agency.

(B) [The total amount of payments for any fiscal year prior to fiscal year 1994 made under this paragraph shall be equal to 1 percent of the total principal amount of the loans upon which insurance was issued under this part during such fiscal year by such guaranty agency.] *The payment required by subparagraph (A) shall be paid on a quarterly basis.* The guaranty agency shall, be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefor under this subparagraph.

* * * * * * *

(g) Action on Insurance Program and Guaranty Agreements.—If a nonprofit private institution or organization—

(1) * * *

(2) as provided in the application, undertakes to meet the requirements of section 422(c)(6)(B) (i), (ii), and (iii),

the Secretary shall consider and act upon such application within 180 days, and shall forthwith notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and [Labor] *the Workforce* of the House of Representatives of his actions.

* * * * * * *

(j) Lenders-of-Last-Resort.—

(1) * * *

* * * * * * *

[(3) ADVANCES TO GUARANTY AGENCIES FOR LENDER-OF-LAST-RESORT SERVICES DURING TRANSITION TO DIRECT LENDING.—(A) In order to ensure the availability of loan capital during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part D of this title, the Secretary is authorized to provide a guaranty agency with additional advance funds in accordance with section 422(c)(7), with such restrictions on the use of such funds as are determined appropriate by the Secretary, in order to ensure that the guaranty agency will make loans as the lender-of-last-resort. Such agency shall make such loans in accordance with this subsection and the requirements of the Secretary.

[(B) Notwithstanding any other provision in this part, a guaranty agency serving as a lender-of-last-resort under this paragraph shall be paid a fee, established by the Secretary, for making such loans in lieu of interest and special allowance subsidies, and shall be required to assign such loans to the Secretary on demand. Upon such assignment, the portion of the advance represented by the loans assigned shall be considered repaid by such guaranty agency.]

* * * * * * *

[(l) PRECLAIMS ASSISTANCE AND SUPPLEMENTAL PRECLAIMS ASSISTANCE.—

[(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from the lender, a guaranty agency having an agreement with the Secretary under subsection (c) of this section shall engage in preclaims assistance activities (as described in subsection (c)(6)(C)(i)(I)) and supplemental preclaims assistance activities (as described in subsection (c)(6)(C)) with respect to each loan covered by such agreement.

[(2) PAYMENTS FOR SUPPLEMENTAL PRECLAIMS ASSISTANCE.—The Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency that engages in supplemental preclaims assistance (as defined in subsection (c)(6)(C)) on a loan guaranteed under this part. For each loan on which such assistance is performed and for which a default claim is not presented to the guaranty agency by the lender on or before the 150th day after the loan becomes 120 days delinquent, such payment shall be equal to one percent of the total of the unpaid principal and the accrued unpaid interest of the loan.]

(l) DEFAULT AVERSION ASSISTANCE.—

(1) ASSISTANCE REQUIRED.—Upon receipt of a proper request from a lender received not earlier than the 60th day of delinquency, a guaranty agency having an agreement with the Secretary under subsection (c) of this section shall engage in default aversion activities designed to prevent the default by a borrower on a loan covered by such agreement.

(2) REIMBURSEMENT.—(A) A guaranty agency may, in accordance with the provisions of this paragraph, transfer from the

Federal Student Loan Reserve Account to the Operating Account a default aversion fee. Such fee shall be paid for any loan on which a claim for default has not been presented that the guaranty agency successfully brings into current repayment status on or before the 210th day after the loan becomes 60 days delinquent.

(B) The default aversion fee shall be equal to 1 percent of the total unpaid principal and accrued interest on the loan at the time the request is submitted by the lender. Such fee shall not be paid more than once on any loan for which the guaranty agency averts the default unless the borrower remained current in payments for at least 12 months prior to the subsequent delinquency. A guaranty agency may transfer such fees earned under this subsection no more frequently than monthly.

(C) For the purpose of earning the default aversion fee, the term "current repayment status" means that the borrower is not delinquent in the payment of any principal or interest on the loan.

(m) INCOME CONTINGENT REPAYMENT.—

(1) AUTHORITY OF SECRETARY TO REQUIRE.—The Secretary [shall require at least 10 percent of the borrowers] *may require borrowers* who have defaulted on loans made under this part that are assigned to the Secretary under subsection (c)(8) to repay those loans under an income contingent repayment plan, the terms and conditions of which shall be established by the Secretary and the same as, or similar to, an income contingent repayment plan established for purposes of part D of this title.

* * * * * * *

[(n) STATE SHARE OF DEFAULT COSTS.—

[(1) IN GENERAL.—In the case of any State in which there are located any institutions of higher education that have a cohort default rate that exceeds 20 percent, such State shall pay to the Secretary an amount equal to—

[(A) the new loan volume attributable to all institutions in the State for the current fiscal year; multiplied by

[(B) the percentage specified in paragraph (2); multiplied by

[(C) the quotient of—

[(i) the sum of the amounts calculated under paragraph (3) for each such institution in the State; divided by

[(ii) the total amount of loan volume attributable to current and former students of institutions located in that State entering repayment in the period used to calculate the cohort default rate.

[(2) PERCENTAGE.—For purposes of paragraph (1)(B), the percentage used shall be—

[(A) 12.5 percent for fiscal year 1995;

[(B) 20 percent for fiscal year 1996; and

[(C) 50 percent for fiscal year 1997 and succeeding fiscal years.

[(3) CALCULATION.—For purposes of paragraph (1)(C)(i), the amount shall be determined by calculating for each institution the amount by which—

[(A) the amount of the loans received for attendance by such institution's current and former students who (i) enter repayment during the fiscal year used for the calculation of the cohort default rate, and (ii) default before the end of the following fiscal year; exceeds

[(B) 20 percent of the loans received for attendance by all the current and former students who enter repayment during the fiscal year used for the calculation of the cohort default rate.

[(4) FEE.—A State may charge a fee to an institution of higher education that participates in the program under this part and is located in that State according to a fee structure, approved by the Secretary, that is based on the institution's cohort default rate and the State's risk of loss under this subsection. Such fee structure shall include a process by which an institution with a high cohort default rate is exempt from any fees under this paragraph if such institution demonstrates to the satisfaction of the State that exceptional mitigating circumstances, as determined by the State and approved by the Secretary, contributed to its cohort default rate.]

(n) BLANKET CERTIFICATE OF LOAN GUARANTY.—

(1) IN GENERAL.—Any guaranty agency that has or enters into any insurance program agreement with the Secretary under this part may—

(A) offer eligible lenders participating in the agency's guaranty program blanket certificates of loan guaranty that permit the lender to make loans without receiving prior approval from the guaranty agency of individual loans for eligible borrowers enrolled in eligible programs at eligible institutions; and

(B) provide eligible lenders with the ability to transmit electronically data to the agency concerning loans the lender has elected to make under the agency's insurance program via standard reporting formats, such reporting to occur at reasonable, mutually acceptable intervals.

(2) LIMITATIONS ON BLANKET CERTIFICATE OF GUARANTY.—A guaranty agency and eligible lender may establish by mutual agreement limitations or restrictions on the number or volume of loans issued by a lender under the blanket certificate of guaranty.

SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH GUARANTY AGENCIES.

(a) VOLUNTARY AGREEMENTS.—

(1) AUTHORITY.—Notwithstanding any other provision of law, the Secretary may enter into a voluntary, flexible agreement with not more than 6 guaranty agencies under this section, in lieu of agreements with a guaranty agency under subsections (b) and (c) of section 428, under which the Secretary may waive or modify any requirement under this title applicable to the responsibilities of the Secretary and a guaranty agency.

(2) ELIGIBILITY.—Any guaranty agency that had one or more agreements with the Secretary under subsections (b) and (c) of section 428 as of the day before the date of enactment of this section may enter into an agreement with the Secretary under this subsection.

(b) TERMS OF AGREEMENT.—An agreement between the Secretary and a guaranty agency under this section—

(1) shall be developed by the Secretary, in consultation with the guaranty agency;

(2) shall be for a period not to exceed five years, and may be renewed upon the agreement of the parties;

(3) may include provisions—

(A) specifying the responsibilities of the guaranty agency under the agreement, such as—

(i) administering the issuance of insurance on loans made under this part on behalf of the Secretary;

(ii) monitoring insurance commitments made under this part;

(iii) default prevention activities;

(iv) review of default claims made by lenders;

(v) payment of default claims;

(vi) collection of defaulted loans;

(vii) adoption of internal systems of accounting and auditing that are acceptable to the Secretary, and reporting the result thereof to the Secretary on a timely, accurate, and auditable basis;

(viii) timely and accurate collection and reporting of such other data as the Secretary may require to carry out the purposes of the programs under this title;

(ix) monitoring of institutions and lenders participating in the program under this part; and

(x) the performance of other program functions by the guaranty agency.

(B) regarding the fees the Secretary shall pay, in lieu of revenues that the guaranty agency may otherwise receive under this part, to the guaranty agency under the agreement, and other funds that the guaranty agency may receive or retain under the agreement, except that in no case may the cost to the Secretary of the agreement, as reasonably projected by the Secretary, exceed the cost to the Secretary, as similarly projected, in the absence of the agreement;

(C) regarding the use of net revenues, as described in the agreement under this section, for such other activities in support of postsecondary education as may be agreed to by the Secretary and the guaranty agency;

(D) regarding the standards by which the guaranty agency's performance of its responsibilities under the agreement will be assessed, and the consequences for a guaranty agency's failure to achieve a specified level of performance on 1 or more performance standards;

(E) regarding the circumstances in which a guaranty agency's agreement under this section may be ended in advance of its expiration date;

(F) regarding such other businesses, previously purchased or developed with reserve funds, that relate to the program under this part and in which the Secretary permits the guaranty agency to engage; and

(G) such other provisions as the Secretary may determine to be necessary to protect the United States from the risk of unreasonable loss and to promote the purposes of this part; and

(4) shall provide for uniform lender participation with the guaranty agency under the terms of the agreement.

(c) TERMINATION.—At the expiration or early termination of an agreement under this section, the Secretary shall reinstate the guaranty agency's prior agreements under subsections (b) and (c) of section 428, subject only to such additional requirements as the Secretary determines to be necessary in order to ensure the efficient transfer of responsibilities between the agreement under this section and the agreements under subsections (b) and (c) of section 428, including the guaranty agency's compliance with reserve requirements under sections 422 and 428.

SEC. 428B. FEDERAL PLUS LOANS.

(a) * * *

* * * * * * *

(d) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) * * *

* * * * * * *

(4) APPLICABLE RATES OF INTEREST.—Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in section [427A(c)] *427A(a)(3).*

* * * * * * *

SEC. 428C. FEDERAL CONSOLIDATION LOANS.

(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) * * *

* * * * * * *

(3) DEFINITION OF ELIGIBLE BORROWERS.—(A) * * *

(B)(i) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section, except—

(I) with respect to eligible student loans received after the date of receipt of the consolidation loan; and

[(II) that loans received prior to the date of the consolidation loan may be added to the consolidation loan during the 180-day period following the making of the consolidation loan.]

(II) that loans received during the 180-day period following the making of the consolidation loan may be added to the consolidation loan.

* * * * * * *

(4) DEFINITION OF ELIGIBLE STUDENT LOANS.—For the purpose of paragraph (1), the term "eligible student loans" means loans—

(A) * * *

* * * * * * *

[(C) made under part D of this title, except that loans made under such part shall be eligible student loans only for consolidation loans for which the application is received by an eligible lender during the period beginning on the date of enactment of the Emergency Student Loan Consolidation Act of 1997 and ending on October 1, 1998;]

(C) made under part D of this title;

* * * * * * *

(b) CONTENTS OF AGREEMENTS, CERTIFICATES OF INSURANCE, AND LOAN NOTES.—

(1) AGREEMENTS WITH LENDERS.—Any lender described in subparagraph (A), (B), or (C) of subsection (a)(1) who wishes to make consolidation loans under this section shall enter into an agreement with the Secretary or a guaranty agency which provides—

(A) that, in the case of all lenders described in subsection (a)(1), the lender will make a consolidation loan to an eligible borrower (on request of that borrower) only if the borrower certifies that the borrower has no other application pending for a loan [under this section and (i) the lender holds an outstanding loan of that borrower which is selected by the borrower for consolidation under this section, or (ii) the borrower certifies that the borrower has sought and has been unable to obtain a consolidation loan with income-sensitive repayment terms from the holders of the outstanding loans of that borrower (which are so selected for consolidation);] *under this section;*

* * * * * * *

(4) TERMS AND CONDITIONS OF LOANS.—A consolidation loan made pursuant to this section shall be insurable by the Secretary or a guaranty agency pursuant to paragraph (2) only if the loan is made to an eligible borrower who has agreed to notify the holder of the loan promptly concerning any change of address and the loan is evidenced by a note or other written agreement which—

(A) * * *

* * * * * * *

(C)(i) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid in accordance with clause (ii), during any period for which the borrower would be eligible for a deferral under section 428(b)(1)(M), and that any such period shall not be included in determining the repayment schedule pursuant to subsection (c)(2) of this section; and

(ii) provides that interest shall accrue and be paid—

(I) * * *

* * * * * * *

(III) by the Secretary, in the case of a consolidation loan for which the application is received by an eligible

lender on or after October 1, 1998, except that the Secretary shall pay such interest only on that portion of the loan that repays Federal Stafford Loans for which the student borrower received an interest subsidy under section 428 or Federal Direct Stafford Loans for which the borrower received an interest subsidy under section 455; or

[(III)**]** *(IV)* by the borrower, or capitalized, in the case of a consolidation loan other than a loan described in subclause **[**(I) or (II)**]** *(I), (II), or (III)*;

* * * * * * *

(6) NONDISCRIMINATION IN LOAN CONSOLIDATION.—An eligible lender that makes consolidation loans under this section shall not discriminate against any borrower seeking such a loan—

(A) based on the number or type of eligible student loans the borrower seeks to consolidate *except that (i) a lender is not required to consolidate loans described in subparagraph (D) or (E) of subsection (a)(4); and (ii) a lender is not prohibited from establishing a minimum loan balance for which it will process a consolidation loan application*;

* * * * * * *

(e) TERMINATION OF AUTHORITY.—The authority to make loans under this section expires at the close of September 30, **[**2002**]** *2004*. Nothing in this section shall be construed to authorize the Secretary to promulgate rules or regulations governing the terms or conditions of the agreements and certificates under subsection (b). Loans made under this section which are insured by the Secretary shall be considered to be new loans made to students for the purpose of section 424(a).

* * * * * * *

SEC. 428G. REQUIREMENTS FOR DISBURSEMENT OF STUDENT LOANS.

(a) MULTIPLE DISBURSEMENT REQUIRED.—

(1) TWO DISBURSEMENTS REQUIRED.—The proceeds of any loan made, insured, or guaranteed under this part that is made for any period of enrollment *greater than one semester, one trimester, one quarter, or four months* shall be disbursed in 2 or more installments, none of which exceeds one-half of the loan.

* * * * * * *

(b) DISBURSEMENT AND ENDORSEMENT REQUIREMENTS.—

(1) FIRST YEAR STUDENTS.—The first installment of the proceeds of any loan made, insured, or guaranteed under this part that is made to a student borrower who is entering the first year of a program of undergraduate education, and who has not previously obtained a loan under this part, shall not (regardless of the amount of such loan or the duration of the period of enrollment) be presented by the institution to the student for endorsement until 30 days after the borrower begins a course of study, but may be delivered to the eligible institution prior to the end of that 30-day period. *An institution whose*

cohort default rate (as determined under section 435(a)) for each of the three most recent fiscal years for which data are available is less than 10 percent shall be exempt from the requirements of this paragraph.

* * * * * * *

(d) WITHHOLDING OF SECOND DISBURSEMENT.—

(1) * * *

(2) STUDENTS RECEIVING OVER-AWARDS.—If the sum of a disbursement for any student and the other financial aid obtained by such student exceeds the amount of assistance for which the student is eligible under this title *by more than $300*, the institution such student is attending shall withhold and return to the lender or escrow agent the portion (or all) of such installment that exceeds such eligible amount, except that overawards permitted pursuant to section 443(b)(4) of the Act shall not be construed to be overawards for purposes of this paragraph. Any portion (or all) of a disbursement installment which is so returned shall be credited to the borrower's loan and treated as a prepayment thereon.

* * * * * * *

SEC. 428H. UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS.

(a) * * *

(b) ELIGIBLE BORROWERS.—Any student meeting the requirements for student eligibility under section 484 (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan. Such student shall provide to the lender a statement from the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, [which—

[(1) sets forth such student's estimated cost of attendance (as determined under section 472);

[(2) sets forth such student's estimated financial assistance, including a loan which qualifies for subsidy payments under section 428; and

[(3) certifies the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c).]

which certifies the eligibility of the student to receive a loan under this part and the amount of the loan for which such student is eligible. A student shall qualify for a loan if the eligible institution has provided the lender with a statement that—

(1) at the lender's request, sets forth such student's estimated cost of attendance (as determined under section 472);

(2) sets forth such student's estimated financial assistance, including a loan which qualifies for subsidy payments under section 428; and

(3) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G.

* * * * * * *

(d) LOAN LIMITS.—

(1) * * *

(2) ANNUAL LIMITS FOR INDEPENDENT, GRADUATE, AND PROFESSIONAL STUDENTS.—The maximum annual amount of loans under this section an independent student (or a student whose parents are unable to borrow under section 428B or the Federal Direct PLUS Loan Program) may borrow in any academic year or its equivalent or in any period of 7 consecutive months, whichever is longer, shall be the amount determined under paragraph (1), plus—

(A) in the case of such a student attending an eligible institution who has not completed such student's first 2 years of undergraduate study—

(i) $4,000, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 481); *and*

[(ii) $2,500, if such student is enrolled in a program whose length is less than one academic year, but at least ⅔ of such an academic year; and

[(iii) $1,500, if such student is enrolled in a program whose length is less than ⅔, but at least ⅓, of such an academic year;]

(ii) if such student is enrolled in a program of undergraduate education which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in clause (i) as the length of such program measured in semester, trimester, quarter, or clock hours bears to one academic year;

* * * * * * *

(e) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) * * *

* * * * * * *

(7) QUALIFICATION FOR FORBEARANCE, DEFERMENT, AND INCOME-SENSITIVE REPAYMENT.—A borrower of a loan made under this section may qualify for a forbearance or deferment, or an income-sensitive repayment plan for which the borrower is eligible, immediately upon receipt by the lender or holder of a request from the borrower. Any necessary supporting documentation shall be secured by the lender or holder within 30 days of the request in order to continue the forbearance, deferment, or income-sensitive repayment plan.

[(f) ORIGINATION FEE.—

[(1) AMOUNT OF ORIGINATION FEE.—The lender shall charge the borrower an origination fee in the amount of 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower.

[(2) RELATION TO APPLICABLE INTEREST.—Such origination fee shall not be taken into account for purposes of determining compliance with section 427A.

[(3) DISCLOSURE REQUIRED.—The lender shall disclose to the borrower the amount and method of calculating the origination fee.

[(4) USE OF ORIGINATION FEE TO OFFSET DEFAULT COSTS.—Each lender making loans under this section shall transmit all origination fees authorized to be collected from borrowers to the Secretary, who shall use such fees to pay the Federal costs of default claims paid for loans under this section and to reduce the cost of special allowances paid thereon, if any, under section 438(b).

[(5) REVIEW OF ORIGINATION FEE AND INSURANCE PREMIUM.—In fiscal year 1995, the Secretary is directed to analyze the risk rates of borrowers who have participated in this program in the 2 previous fiscal years. If the Secretary finds, that as a result of this review, the projected defaults and special allowance costs of the unsubsidized program do not exceed the combined origination fee under this subsection and the insurance premium under subsection (h), the Secretary is directed to lower the origination fee and insurance premium accordingly.]

* * * * * * *

[SEC. 428J. LOAN FORGIVENESS FOR TEACHERS, INDIVIDUALS PERFORMING NATIONAL COMMUNITY SERVICE AND NURSES.

[(a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to—

[(1) enter the teaching and nursing profession; and

[(2) perform national and community service.

[(b) DEMONSTRATION PROGRAM.—

[(1) IN GENERAL.—The Secretary, in consultation with the Secretary of Health and Human Services, is authorized to carry out a demonstration program of assuming the obligation to repay a loan made, insured or guaranteed under this part (excluding loans made under section 428A, 428B, or 428C) for any new borrower after October 1, 1989, who—

[(A) is employed as a full-time teacher—

[(i) in a school which qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools; and

[(ii) of mathematics, science, foreign languages, special education, bilingual education, or any other field of expertise where the State educational agency determines there is a shortage of qualified teachers;

[(B) serves as a full-time volunteer under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or to perform comparable service as a full-time employee of an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, if the borrower does not receive compensation which exceeds the greater of—

[(i) the minimum wage rate described in section 6 of the Fair Labor Standards Act of 1938; or

[(ii) an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act); or

[(C) is employed full-time as a nurse in a public hospital, a rural health clinic, a migrant health center, an Indian Health Service, an Indian health center, a Native Hawaiian health center or in an acute care or long-term care facility.

[(2) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

[(c) LOAN REPAYMENT.—

[(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

[(A) 15 percent of the total amount of Stafford loans incurred by the student borrower during such borrower's last 2 years of undergraduate education for the first or second year of service in which such borrower meets the requirements described in subsection (a);

[(B) 20 percent of such total amount for such third or fourth year of service; and

[(C) 30 percent of such total amount for such fifth year of service.

[(2) CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the refunding of any repayment of a Stafford loan.

[(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

[(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a teaching certificate, the Secretary is authorized to assume the obligation to repay the total amount of Stafford loans incurred for a maximum of 2 academic years in returning to an institution of higher education for the purpose of obtaining a teaching certificate or additional certification. Such Stafford loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

[(5) INELIGIBILITY OF NATIONAL SERVICE EDUCATIONAL AWARD RECIPIENTS.—No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

[(d) REPAYMENT TO ELIGIBLE LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of Stafford loans which are subject to repayment pursuant to this section for such year.

[(e) APPLICATION FOR REPAYMENT.—

[(1) IN GENERAL.—Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

[(2) CONDITIONS.—An eligible individual may apply for repayment after completing each year of qualifying service. The borrower shall receive forbearance while engaged in qualifying service unless the borrower is in deferment while so engaged.

[(f) DEFINITIONS.—For the purpose of this section the term "eligible lender" has the same meaning given such term in section 435(d).

[(g) EVALUATION.—

[(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the program assisted under this part on the fields of teaching, nursing, and community service.

[(2) COMPETITIVE BASIS.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

[(3) CONTENTS.—The evaluation described in this section shall—

[(A) assess whether the program assisted under this section has brought into teaching, nursing, and community service a significant number of highly capable individuals who otherwise would not have entered such fields;

[(B) assess whether a significant number of students perform the service described in subsection (b) or opt to repay the loans instead of remaining in the career for which such student received loan repayment under this section;

[(C) identify the barriers to the effectiveness of the program assisted under this section;

[(D) assess the cost-effectiveness of such program in improving teacher, nursing, and community service worker quality and quantity and the ways to improve the cost-effectiveness of such program;

[(E) identify the reasons for which participants in the program have chosen to take part in such program; and

[(F) identify other areas of community service or employment which may serve as appropriate methods of loan repayment.

[(4) INTERIM EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports on the evaluation described in this section as the Secretary deems appropriate, and shall submit such a final report by January 1, 1997.

[(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

* * * * * * *

SEC. 432. LEGAL POWERS AND RESPONSIBILITIES.

(a) GENERAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

(1) * * *

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the Secretary's control *except that this section shall not be deemed to limit court review under chapter 7 of title 5, United States Code* and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 509, 517, 547, and 2679 of title 28 of the United States Code;

* * * * * * *

(f) AUDIT OF FINANCIAL TRANSACTIONS.—

(1) COMPTROLLER GENERAL AND INSPECTOR GENERAL AUTHORITY.—The Comptroller General and the Inspector General of the Department of Education shall each have the authority to conduct an audit of the financial transactions of—

(A) any guaranty agency operating under an agreement with the Secretary pursuant to section 428(b);

(B) any eligible lender as defined in section [435(d)(1)(D), (F), or (H);] *section 435(d)(1); and*

(C) a representative sample of eligible lenders under this part, upon the request of the Committee on Education and [Labor] *the Workforce* of the House of Representatives or the Committee on Labor and Human Resources of the Senate, with respect to the payment of the special allowance under section 438 in order to evaluate the program authorized by this part[; and].

[(D) any Authority required to file a plan for doing business under section 438(d).]

* * * * * * *

(k) PROGRAM OF ASSISTANCE FOR BORROWERS.—

(1) * * *

* * * * * * *

(3) RECOMMENDATION.—[Within 1 year after the date of enactment of the Higher Education Amendments of 1992, the] *The* Secretary shall recommend to the appropriate committees in the Senate and House of Representatives changes to statutes that could be made in order to further encourage such efforts.

* * * * * * *

(m) COMMON FORMS AND FORMATS.—

(1) COMMON GUARANTEED STUDENT LOAN APPLICATION FORM AND PROMISSORY NOTE.—

(A) IN GENERAL.—[The Secretary] *Subject to paragraph (2), the Secretary*, in cooperation with representatives of guaranty agencies, eligible lenders, and organizations involved in student financial assistance, shall prescribe a common application form and promissory note to be used for applying for loans under part B of this title.

*   *   *   *   *   *   *

[(C) APPROVAL OF FORM.—The Secretary shall approve a form for use not later than 360 days after the date of enactment of the Higher Education Amendments of 1992.]

[(D)] *(C)* SPECIAL RULE.—[Nothing] *Subject to paragraph (2), nothing* in this section shall be construed to limit the development of electronic forms and procedures.

(2) FREE APPLICATION FOR FEDERAL STUDENT AID.—For academic year 1999–2000 and thereafter, the Secretary shall prescribe the Free Application for Federal Student Aid as the application form under this part (other than sections 428B and 428C).

[(2)] *(3)* COMMON DEFERMENT FORM.—The Secretary, in cooperation with representatives of guaranty agencies, institutions of higher education, and lenders involved in loans made under part B of this title, shall prescribe a common deferment reporting form to be used for the processing of deferments of loans made under this title.

[(3)] *(4)* COMMON REPORTING FORMATS.—The Secretary shall promulgate standards including necessary rules, regulations (including the definitions of all relevant terms), and procedures so as to require all lenders and guaranty agencies to report information on all aspects of loans made under this part in uniform formats, so as to permit the direct comparison of data submitted by individual lenders, servicers, or guaranty agencies.

(5) MASTER PROMISSORY NOTE.—

(A) DEVELOPMENT AND APPROVAL.—Within 180 days of enactment of this Act, the Secretary, in cooperation with representatives of guaranty agencies, eligible lenders, institutions, students, and organizations involved in student financial assistance, shall develop and approve a master promissory note that will allow for a multiyear line of credit. Such note shall address the needs of participants in the programs under this part. The Secretary shall also develop and approve a corresponding master promissory note for use under part D of this title that addresses the needs of participants in the programs under such part.

(B) SALE AND ASSIGNMENT; ENFORCEMENT.—Notwithstanding the preceding provisions of this section, each loan made under a master promissory note providing for a line of credit may be sold and assigned independently of any other loan made under the same promissory note, and each such loan shall be separately enforceable in all State and Federal courts on the basis of an original or copy of the master promissory note with its terms.

(n) DEFAULT REDUCTION MANAGEMENT.—

(1) AUTHORIZATION.—There are authorized to be appropriated $25,000,000 for fiscal year [1993] *1999* and each of the four succeeding fiscal years, for the Secretary to expend for default reduction management activities for the purposes of es-

tablishing a performance measure that will reduce defaults by 5 percent relative to the prior fiscal year. Such funds shall be in addition to, and not in lieu of, other appropriations made for such purposes.

* * * * * * *

(3) PLAN FOR USE REQUIRED.—The Secretary shall submit a plan, for inclusion in the materials accompanying the President's budget each fiscal year, detailing the expenditure of funds authorized by this section to accomplish the 5 percent reduction in defaults. At the conclusion of the fiscal year, the Secretary shall report the Secretary's findings and activities concerning the expenditure of funds and whether the performance measure was met. If the performance measure was not met, the Secretary shall report the following:

(A) * * *

* * * * * * *

This report shall be submitted to the Appropriations Committees of the House of Representatives and the Senate and to the Committee on Education and [Labor] *the Workforce* of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

* * * * * * *

(p) REPORTING REQUIREMENT.—All officers and directors, and those employees and paid consultants of eligible institutions, eligible lenders, guaranty agencies, loan servicing agencies, accrediting agencies or associations, State licensing agencies or boards, [State postsecondary reviewing entities designated under subpart 1 of part H,] and entities acting as secondary markets (including the Student Loan Marketing Association), who are engaged in making decisions as to the administration of any program or funds under this title or as to the eligibility of any entity or individual to participate under this title, shall report to the Secretary, in such manner and at such time as the Secretary shall require, on any financial interest which such individual may hold in any other entity participating in any program assisted under this title.

SEC. 433. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan which is insured or guaranteed under this part (other than a loan made under section 428C), provide thorough and accurate loan information on such loan to the borrower *in simple and understandable terms*. Any disclosure required by this subsection may be made by an eligible lender as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosure shall include—

(1) * * *

* * * * * * *

(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower the information required under this subsection *in simple and understandable terms*. For any loan made, insured, or guaranteed under this part, other than a loan made under section 428B or 428C, such disclosure required by this subsection shall be made not less than 30 days nor more than 240 days before the first payment on the loan is due from the borrower. The disclosure shall include—

(1) * * *

* * * * * * *

SEC. 435. DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.

As used in this part:

(a) ELIGIBLE INSTITUTION.—

(1) IN GENERAL.—Except as provided in paragraph (2), the term "eligible institution" means an institution of higher education, as defined in section [481] *101(a)(2)*, except that, for the purposes of sections 427(a)(2)(C)(i) and 428(b)(1)(M)(i), an eligible institution includes any institution that is within this definition without regard to whether such institution is participating in any program under this title and includes any institution ineligible for participation in any program under this part pursuant to paragraph (2) of this subsection.

(2) INELIGIBILITY BASED ON HIGH DEFAULT RATES.—(A) An institution whose cohort default rate is equal to or greater than the threshold percentage specified in subparagraph (B) for each of the three most recent fiscal years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and for the two succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of its eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after its submission. Such decision may permit the institution to continue to participate in a program under this part if—

(i) the institution demonstrates to the satisfaction of the Secretary that the Secretary's calculation of its cohort default rate is not accurate, and that recalculation would reduce its cohort default rate for any of the three fiscal years below the threshold percentage specified in subparagraph (B); [or]

[(ii) there are, in the judgment of the Secretary, exceptional mitigating circumstances that would make the application of this paragraph inequitable.]

(ii) there are exceptional mitigating circumstances within the meaning of paragraph (4); or

(iii) there are, in the judgment of the Secretary, other exceptional mitigating circumstances that would make the application of this paragraph inequitable.

During such appeal, the Secretary may permit the institution to continue to participate in a program under this part.

* * * * * * *

(C) Until July 1, [1998,] *1999*, this paragraph shall not apply to any institution that is—

(i) * * *

* * * * * * *

(3) APPEALS BASED UPON ALLEGATIONS OF IMPROPER LOAN SERVICING.—An institution that—

(A) * * *

* * * * * * *

(C) is an institution whose cohort default rate equals or exceeds 20 percent for the most recent year for which data are available;

may include in its appeal of such loss or rate a defense based on improper loan servicing (in addition to other defenses). In any such appeal, the Secretary shall take whatever steps are necessary to ensure that such institution has access to a representative sample (as determined by the Secretary) of the relevant loan servicing and collection records of the affected guaranty agencies and loan servicers *or, at the request of the institution, a complete copy of the records for loans made under this part or of the direct loan servicer for loans made under part D* for a reasonable period of time, not to exceed 30 days. The Secretary shall reduce the institution's cohort default rate to reflect the percentage of defaulted loans in the representative sample that are required to be excluded pursuant to subsection (m)(1)(B).

(4) DEFINITION OF MITIGATING CIRCUMSTANCES.—For purposes of paragraph (2), an institution shall be treated as having exceptional mitigating circumstances that make application of that paragraph inequitable if such institution is certified by a certified public accountant to meet each of the following criteria:

(A) at least two-thirds of the students enrolled on at least a half-time basis at the institution—

(i) are eligible to receive a Federal Pell Grant award that is at least equal to one-half the maximum Federal Pell Grant award for which the student would be eligible based on his or her enrollment status; or

(ii) have an adjusted gross income of the student, and his or her parents (unless the student is an independent student), of less than the poverty level, as determined under criteria established by the Department of Health and Human Services;

(B) at least two-thirds of the students enrolled on a full-time basis at the institution in any 12-month period ending not more than six months prior to the date the institution submits its appeal, and who remain enrolled beyond the point at which the student would be entitled to a tuition refund of 100 percent—

(i) complete the educational program in which they are enrolled within the time normally required to complete that program, as specified in the institution's enrollment contract, catalog, or other materials; or

(ii) continue to be enrolled and are making satisfactory academic progress toward completion of their program; or

(iii) have entered active duty in the armed forces of the United States; and

(C) at least two-thirds of the students enrolled on a full-time basis at the institution who complete the educational program in which they are enrolled within any 12-month period ending not more than six months prior to the date the institution submits its appeal are placed for at least 13 weeks in an employment position for which they have been trained, or are enrolled for at least 13 weeks in higher level education program for which the educational program of the institution provided substantial preparation, or have entered active duty in the armed forces of the United States.

(5) REDUCTION OF DEFAULT RATES AT CERTAIN MINORITY INSTITUTIONS.—

(A) BENEFICIARIES OF EXCEPTION REQUIRED TO ESTABLISH MANAGEMENT PLAN.—After July 1, 1998, any institution that has a cohort default rate that equals or exceeds 25 percent for each of the three most recent fiscal years for which data are available and that relies on the exception in paragraph (2)(C) of this subsection to continue to be an eligible institution shall—

(i) submit to the Secretary a default management plan which the Secretary, in his discretion, after consideration of the institution's history, resources, dollars in default, and targets for default reduction, determines is acceptable and provides reasonable assurance that the institution will, by July 1, 2001, have a cohort default rate that is less than 25 percent;

(ii) engage an independent third party (which may be paid with funds received under part B of title III) to provide technical assistance in implementing such default management plan; and

(iii) provide to the Secretary, on an annual basis or at such other intervals as the Secretary may require, evidence of cohort default rate improvement and successful implementation of such default management plan.

(B) DISCRETIONARY ELIGIBILITY CONDITIONED ON IMPROVEMENT.—Notwithstanding the expiration of the exception in paragraph (2)(C), the Secretary may, in his discretion, continue to treat an institution described in subparagraph (A) of this paragraph as an eligible institution for each of the one-year periods beginning on July 1, 1999, and July 1, 2000, only if the institution submits by the beginning of such period evidence satisfactory to the Secretary that—

(i) such institution has complied and is continuing to comply with the requirements of subparagraph (A); and

(ii) such institution has made substantial improvement, during each of the preceding one-year periods, in its cohort default rate.

(6) SPECIAL RULE BASED ON PARTICIPATION RATE INDICES.—(A) An institution that demonstrates to the Secretary that its participation rate index (as defined in regulations in effect on July 1, 1996) is equal to or less than .0375 for any of the three most recent fiscal years for which data are available shall not be subject to paragraph (2).

(B) An institution shall provide the Secretary with sufficient data to determine its participation rate index within 30 days after receiving an initial notification of its draft cohort default rate.

(C) Prior to publication of a final cohort default rate for an institution that provides the data under subparagraph (B), the Secretary shall notify the institution of its compliance or noncompliance with subparagraph (A).

(d) ELIGIBLE LENDER.—

(1) IN GENERAL.—Except as provided in paragraphs (2) through (6), the term "eligible lender" means—

(A) a National or State chartered bank, a mutual savings bank, a savings and loan association, a stock savings bank, or a credit union which—

(i) * * *

(ii) does not have as its primary consumer credit function the making or holding of loans made to students under this part unless (I) it is a bank which is wholly owned by a State, or a bank which is subject to examination and supervision by an agency of the United States, makes student loans as a trustee pursuant to an express trust, operated as a lender under this part prior to January 1, 1975, and which meets the requirements of this provision prior to the enactment of the Higher Education Amendments of 1992, [or] (II) it is a single wholly owned subsidiary of a bank holding company which does not have as its primary consumer credit function the making or holding of loans made to students under this part, *or (III) it is a bank that is a wholly owned subsidiary of a nonprofit foundation, the foundation is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code and has been participating in the program authorized by this part for three years as of the date of enactment of the Higher Education Amendments of 1998 and only makes loans to undergraduate students who are 22 years of age or younger and has a portfolio of not more than $10,000,000; and in determining whether the making or holding of loans to students and parents under this part is the primary consumer credit function of the eligible lender, all loans (including student loans and other consumer loans) made or held as trustee or in a trust capacity for the benefit of a third party shall be considered*;

* * * * * * *

(I) a Rural Rehabilitation Corporation, or its successor agency, which has received Federal funds under Public Law 499, Eighty-first Congress (64 Stat. 98 (1950)); **[**and**]**

(J) for purpose of making loans under section 428C, any nonprofit private agency functioning in any State as a secondary market**[**.**]**; *and*

(K) a wholly owned subsidiary of a publicly held holding company which, for the three years preceding the date of enactment of this subparagraph, through one or more subsidiaries (i) acts as a finance company, and (ii) participates in the program authorized by this part pursuant to subparagraph (C).

* * * * * * *

(5) Disqualification for Use of Certain Incentives.—The term "eligible lender" does not include any lender that the Secretary determines, after notice and opportunity for a hearing, has after the date of enactment of this paragraph—

(A) * * *

* * * * * * *

It shall not be a violation of this paragraph for a lender to provide assistance to institutions of higher education comparable to the kinds of assistance provided to institutions of higher education by the Department of Education.

* * * * * * *

[(e) Line of Credit.—The term "line of credit" means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.**]**

(e) Line of Credit.—The term "line of credit" means an agreement between the lender and the borrower pursuant to a master promissory note under which the lender may make and disburse, in addition to the initial loan, additional loans in subsequent years.

* * * * * * *

SEC. 437. REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS; TREATMENT OF BORROWERS ATTENDING CLOSED SCHOOLS OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW[.]; *LOAN FORGIVENESS FOR TEACHING.*

(a) Repayment in Full for Death and Disability.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan. *A certification of permanent and total disability from a Veteran's Hospital shall be acceptable documentation for discharge under this subsection.*

* * * * * * *

(c) **[**Discharge.—**]** *Discharge Related to School Closure or False Certification.—*

(1) IN GENERAL.—If a borrower who received, on or after January 1, 1986, a loan made, insured, or guaranteed under this part and the student borrower, or the student on whose behalf a parent borrowed, is unable to complete the program in which such student is enrolled due to the closure of the institution or if such student's eligibility to borrow under this part was falsely certified by the eligible institution, *or if the institution failed to make a refund of loan proceeds which it owed to such student's lender*, then the Secretary shall discharge the borrower's liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals or settle the loan obligation pursuant to the financial responsibility authority under subpart 3 of part H. *In the case of a discharge based upon a failure to refund, the amount of the discharge shall not exceed that portion of the loan which should have been refunded. The Secretary shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Labor and Human Resources of the Senate annually as to the dollar amount of loan discharges attributable to failures to make refunds.*

* * * * * * *

(e) CANCELLATION OF LOANS FOR TEACHING.—

(1) FUNCTIONS OF SECRETARY.—The Secretary shall discharge the liability of a borrower of a qualifying loan by repaying the amount owed on the loan, to the extent specified in paragraph (4), for service described in paragraph (3).

(2) QUALIFYING LOANS.—

(A) IN GENERAL.—For purposes of this subsection, a loan is a qualifying loan if—

(i) the loan was made under section 428 on or after the date of enactment of the Higher Education Amendments of 1998 to a borrower who, on the date of entering into the note or other written evidence of the loan, had no outstanding balance of principal or interest on any loan made before such date; and

(ii) the loan was obtained to cover the cost of instruction for an academic year after the first and second year of undergraduate education.

(B) LIMITATION.—The Secretary may not repay loans described in subparagraph ([illegible] to cover the costs of instruction for more than two academic years, or three academic years in the case of a program of instruction normally requiring five years.

(C) TREATMENT OF CONSOLIDATION LOANS.—A loan made under section 428C may be a qualifying loan for the purposes of this subsection only to the extent that such loan was used to repay a loan or loans that meet the requirements of subparagraphs (A) and (B), as determined in accordance with regulations prescribed by the Secretary.

(3) QUALIFYING SERVICE.—A loan shall be discharged under paragraph (1) for service by the borrower as a full-time teacher for each complete academic year of service, after completion of

the second academic year of service, in a public or other nonprofit private elementary or secondary school—

(A) which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965; and

(B) which for the purpose of this paragraph and for that year has been determined by the State educational agency of the State in which the school is located to be a school in which the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

(4) RATE OF DISCHARGE.—(A) Loans shall be discharged under this subsection at the rate of—

(i) 30 percent for the first or second complete academic year of qualifying service as described in paragraph (3) (after completion of two years of service); and

(ii) 40 percent for the third complete year of such qualifying service.

(B) The total amount that may be discharged under this subsection for any borrower shall not exceed $17,750.

(C) If a portion of a loan is discharged under subparagraph (A) for any year, the entire amount of interest on that loan that accrues for that year shall also be discharged by the Secretary.

(D) Nothing in this section shall be construed to authorize refunding of any repayment of a loan.

(5) LIMITATION ON TEACHER ELIGIBILITY.—

(A) SECONDARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a secondary school unless such borrower majored in the subject area in which they are teaching.

(B) ELEMENTARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a elementary school unless such borrower demonstrates, in accordance with State teacher certification or licensing requirements, subject matter knowledge and teaching skills in reading, writing, mathematics, and other subjects taught in elementary schools.

(6) RULE OF CONSTRUCTION.—The amount of a loan, and interest on a loan, that is canceled under this subsection shall not be considered income for purposes of the Internal Revenue Code of 1986.

(7) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same service, receive a benefit under both this subsection and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

(8) METHOD OF PAYMENT.—The Secretary shall specify in regulations the manner in which lenders shall be reimbursed for loans made under this part, or portions thereof, that are discharged under this subsection.

(9) LIST.—If the list of schools in which a teacher may perform service pursuant to paragraph (3) is not available before May 1 of any year, the Secretary may use the list for the year

preceding the year for which the determination is made to make such service determination.

(10) CONTINUING ELIGIBILITY.—Any teacher who performs service in a school which—

(A) meets the requirements of paragraph (3) in any year during such service; and

(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to this subsection with respect to such subsequent years.

[SEC. 437A. DEBT MANAGEMENT OPTIONS.

[(a) PROGRAM AUTHORITY.—For the purpose of offering additional debt management options, the Secretary is authorized, to the extent of funds appropriated—

[(1) to acquire from eligible holders the notes of borrowers under this part (other than section 428B) who are considered to be at high risk of default and who submit a request to the Secretary for an alternative repayment option;

[(2) to offer such borrowers one or more alternative repayment options, which may include graduated or extended repayment and which shall, subject to subsection (b)(2), include an income contingent repayment option established in accordance with subsection (b); and

[(3) to enter into contracts or other agreements with private firms or other agencies of the Government as necessary to carry out the purposes of this section.

[(b) INCOME CONTINGENT REPAYMENT OPTION.—

[(1) REGULATIONS.—For the purposes of subsection (a)(2), the Secretary shall, by regulation, establish the terms and conditions for an income contingent repayment option. Such regulations shall specify the schedules under which income will be assessed for repayment of loans, shall permit the discharge of the remaining obligation on the loan not later than 25 years after the commencement of income contingent repayment, and may provide for the potential collection of amounts in excess of the principal and interest owed on the original loan or loans.

[(2) COLLECTION MECHANISM DETERMINATION REQUIRED.—Such regulations shall not be effective unless the Secretary publishes a finding that—

[(A) the Secretary has, pursuant to subsection (a)(3), established a collection mechanism that will provide a high degree of certainty that collections will be made in accordance with the repayment option established under paragraph (1); and

[(B) the use of such repayment option and collection mechanism will result in an increase in the net amount the Government will collect.

[(c) DETERMINATIONS OF HIGH RISK OF DEFAULT.—In making determinations under subsection (a)(1), the Secretary shall—

[(1) consider the ratio of part B debt repayment to income; or

[(2) establish, by regulation, such other indicators of high risk as the Secretary considers appropriate.

[(d) Loan Limitation.—Not more than $200,000,000 may be used to acquire loans under this section in any fiscal year.]

SEC. 438. SPECIAL ALLOWANCES.

(a) * * *

(b) Computation and Payment.—

(1) * * *

(2) Rate of special allowance.—(A) Subject to subparagraphs (B), (C), (D), [(E), and (F)] *and (E)* and paragraph (4), the special allowance paid pursuant to this subsection on loans shall be computed (i) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period, (ii) by subtracting the applicable interest rate on such loans from such average, (iii) by adding 3.10 percent to the resultant percent, and (iv) by dividing the resultant percent by 4. If such computation produces a number less than zero, such loans shall be subject to section 427A(f).

(B)(i) * * *

* * * * * * *

(iv) Notwithstanding clauses (i) and (ii), the quarterly rate of the special allowance for holders of loans which are financed with funds obtained by the holder from the issuance of obligations originally issued on or after October 1, 1993, the income from which is excluded from gross income under the Internal Revenue Code of 1986, shall be the quarterly rate of the special allowance established under subparagraph (A)[, (E), or (F)] *or (E)*, as the case may be. Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimbursements on, or interest or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds.

(C)(i) * * *

(ii) [In the case] *Subject to subparagraph (F), in the case* of loans disbursed on or after October 1, 1992, pursuant to section 428A or 428B for which the interest rate is determined under section 427A(c)(4), a special allowance shall not be paid unless the rate determined for any 12-month period under section 427A(c)(4)(B) exceeds—

(I) * * *

* * * * * * *

[(F) Subject to paragraph (4), the special allowance paid pursuant to this subsection on loans for which the applicable rate of interest is determined under section 427A(h) shall be computed (i) by determining the applicable bond equivalent rate of the security with a comparable maturity, as established by the Secretary, (ii) by subtracting the applicable interest rates on such loans from such applicable bond equivalent rate, (iii) by adding 1.0 percent to the resultant percent, and (iv) by dividing the resultant percent by 4. If such computation produces a number less than zero, such loans shall be subject to section 427A(f).]

(F) Loans disbursed after July 1, 1998.—

(i) IN GENERAL.—Subject to paragraph (4) and clauses (ii), (iii), and (iv) of this subparagraph, the special allowance paid pursuant to this subsection on loans for which the first disbursement is made on or after July 1, 1998, shall be computed—

(I) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period;

(II) by subtracting the applicable interest rates on such loans from such average bond equivalent rate;

(III) by adding 2.8 percent to the resultant percent; and

(IV) by dividing the resultant percent by 4.

(ii) IN SCHOOL AND GRACE PERIOD.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(2), clause (i)(III) of this subparagraph shall be applied by substituting "2.2 percent" for "2.8 percent".

(iii) PLUS LOANS.—In the case of any loan for which the first disbursement is made on or after July 1, 1998, and for which the applicable rate of interest is described in section 427A(a)(3), clause (i)(III) of this subparagraph shall be applied by substituting "3.1 percent" for "2.8 percent", subject to clause (iv) of this subparagraph.

(iv) LIMITATION ON SPECIAL ALLOWANCES FOR PLUS LOANS.—In the case of loans disbursed on or after July 1, 1998, for which the interest rate is determined under 427A(a)(3), a special allowance shall not be paid for a loan made under section 428B unless the rate determined for any 12-month period under section 427A(a)(3) exceeds 9 percent.

* * * * * * *

(c) ORIGINATION FEES FROM STUDENTS.—

(1) * * *

(2) AMOUNT OF ORIGINATION FEES.—Subject to paragraph (6) of this subsection, with respect to any loan **[**(other than**]** *(including loans made under section 428H, but excluding* loans made under sections 428C and 439(o)) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after the date of enactment of the Postsecondary Student Assistance Amendments of 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount not to exceed 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower. *Except as provided in paragraph (8), a lender is not authorized to assess an origination fee under this paragraph unless the lender assesses the same fee to all student borrowers.*

* * * * * * *

(8) EXCEPTION.—Notwithstanding paragraph (2), a lender may assess a lesser origination fee for a borrower demonstrat-

ing greater financial need as determined by such borrower's adjusted gross family income.

* * * * * * *

[(e) LENDING FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS.—

[(1) PLAN FOR DOING BUSINESS REQUIRED.—In order for the holders of loans any portion of which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1986, to be eligible to receive a special allowance under subsection (b)(2) of this section, the Authority shall submit to the Governor of the State, and to the guaranty agency determined by the Secretary to be the principal guaranty agency for the State, a plan for doing business. The Governor shall, after consultation with the guaranty agency, approve or disapprove the plan within 30 days of the receipt of the proposed plan from the Authority. Such plan shall also be transmitted to the Secretary within 60 days after approval.

[(2) CONTENTS OF PLAN.—Each such plan shall contain provisions designed to assure that—

[(A) no eligible lender in the area served by the Authority will be excluded from participation in the program of the Authority and all eligible lenders may participate in the program on the same terms and conditions if eligible lenders are going to participate in the program;

[(B) no director or staff member of the Authority who receives compensation from the Authority may own stock in, or receive compensation from, any agency that would contract to service and collect the loans of the Authority;

[(C) student loans will not be purchased from participating lenders at a premium amounting to more than 1 percent of the unpaid principal amount borrowed plus accrued interest to the date of acquisition, but a reasonable loan transfer fee may be paid by the purchaser;

[(D) the Authority will, within the limit of funds available and subject to the applicable State and Federal law, make loans to, or purchase loans incurred by, all eligible students who are residents of, or who attend an eligible institution within, the area served by the Authority;

[(E) the Authority has a plan under which the Authority will pursue the development of new lender participation in a continuing program of benefits to students together with assurances of existing lender commitments to the program; and

[(F) there will be an annual audit of the Authority by a certified public accounting firm which will include review of compliance by the Authority with the provisions of the plan.

[(3) NONDISCRIMINATION.—In order for the holders of loans which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1986, to be eligible to receive a special allowance under subsection (b)(2) of this section on any such loans, the Authority shall not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the Authority, length of the borrower's educational program, or the borrower's academic year in school.

[(4) REPORT BY THE SECRETARY.—The Secretary shall, no later than September 30, 1988, and each succeeding September 30th, submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate specifying—

[(A) the amount of student loan credit provided through the use of tax-exempt obligations for the most recent fiscal year;

[(B) an assessment of the impact of the availability of such financing on the availability of student credit in the areas served by the authorities issuing such obligations;

[(C) an assessment of the need for additional tax-exempt financing for student credit for the next fiscal year; and

[(D) any other information determined by the Secretary to be relevant to the purposes of the report.]

[(f)] *(e)* REGULATIONS TO PREVENT DENIAL OF LOANS TO ELIGIBLE STUDENTS.—The Secretary shall adopt or amend appropriate regulations pertaining to programs carried out under this part to prevent, where practicable, any practices which the Secretary finds have denied loans to a substantial number of eligible students.

(f) STUDY.—The Comptroller General shall conduct a statistical analysis of the subsidized and unsubsidized student loan programs under part B to gather data on lenders' policies on charging origination fees and to determine if there are any anomalies that would indicate any institutional, programmatic, or socioeconomic discrimination in the assessing or waiving of such fees. The Comptroller General shall report to the appropriate committees of Congress within two years after the date of enactment of the Higher Education Amendments of 1998.

* * * * * * *

PART C—FEDERAL WORK-STUDY PROGRAMS

SEC. 441. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) PURPOSE.—The purpose of this part is to stimulate and promote the part-time employment of students who are enrolled as undergraduate, graduate, or professional students, *including students participating in an internship or practicum, or as a research assistant, as determined by the Secretary,* and who are in need of earnings from employment to pursue courses of study at eligible institutions, and to encourage students receiving Federal student financial assistance to participate in community service activities that will benefit the Nation and engender in the students a sense of social responsibility and commitment to the community.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part, [$800,000,000 for fiscal year

1993] *$1,000,000,000 for fiscal year 1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(c) COMMUNITY SERVICES.—For purposes of this part, the term "community services" means services [which are] *that are performed off-campus or on-campus and that are* identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs, including—

(1) * * *

* * * * * * *

SEC. 442. ALLOCATION OF FUNDS.

(a) * * *

[(b) ALLOCATION OF EXCESS BASED ON PRO RATA SHARE.—From one-quarter of the remainder of the amount appropriated pursuant to section 441(b) for any fiscal year (after making the allocations required by subsection (a)), the Secretary shall allocate to each eligible institution an amount which bears the same ratio to such one-quarter as the amount the eligible institution receives for such fiscal year under subsection (a) bears to the amount all such institutions receive under such subsection (a).]

[(c)] *(b)* ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From [three-quarters of the remainder] *the remainder* of the amount appropriated pursuant to section 441(b) after making the allocations required by subsection (a), the Secretary shall allocate to each eligible institution which has an excess eligible amount an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

(2) For any eligible institution, the excess eligible amount is the amount, if any, by which—

(A)(i) the amount of that institution's need (as determined under subsection [(d)] *(c)*), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 441(b) for the fiscal year; exceeds

(B) the amount required to be allocated to that institution under subsection (a).

[(d)] *(c)* DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's need is equal to the sum of the self-help need of the institution's eligible undergraduate students and the self-help need of the institution's eligible graduate and professional students.

* * * * * * *

[(e)] *(d)* REALLOCATION OF EXCESS ALLOCATIONS.—(1) If institutions return to the Secretary any portion of the sums allocated to such institutions under this section for any fiscal year, the Secretary shall reallot such excess to eligible institutions which used at least 10 percent of the total amount of funds granted to such institution under this section to compensate students employed in community service in the preceding fiscal year. Such excess funds shall be reallotted to institutions which qualify under this subsection on the same basis as excess eligible amounts are allocated to institutions pursuant to subsection [(c)] *(b)*. Funds received by institutions pursuant to this subsection shall be used to compensate students employed in community service.

* * * * * * *

[(f)] *(e)* FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

SEC. 443. GRANTS FOR FEDERAL WORK-STUDY PROGRAMS.

(a) * * *

(b) CONTENTS OF AGREEMENTS.—An agreement entered into pursuant to this section shall—

(1) * * *

(2) provide that funds granted an institution of higher education, pursuant to section 443, may be used only to make payments to students participating in work-study programs, except that—

(A) [in fiscal year 1994 and succeeding fiscal years,] an institution shall use at least 5 percent of the total amount of funds granted to such institution under this section in any fiscal year to compensate students employed in community service *(including time spent in travel or training, or both, directly related to such community service)*, except that the Secretary may waive this subparagraph if the Secretary determines that enforcing it would cause hardship for students at an institution; [and]

(B) in academic year 1999 and succeeding academic years, an institution shall use at least 2 percent of the total amount of funds granted to such institution under this section for such academic year in accordance with subsection (d); and

[(B)] *(C)* an institution may use a portion of the sums granted to it to meet administrative expenses in accordance with section 489 of this Act, may use a portion of the sums granted to it to meet the cost of a job location and development program in accordance with section 446 of this part, and may transfer funds in accordance with the provisions of section 488 of this Act;

[(3) provide that in the selection of students for employment under such work-study program, only students, who demonstrate financial need in accordance with part F of this title, and who meet the requirements of section 484 will be assisted, except that—

[(A) if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (i) attending the institution less than full time, or (ii) independent students; and

[(B) if the total financial need of all such less than full-time and independent students at the institution exceeds 5 percent of the total financial need of all students at such institution, then at least 5 percent of the grant shall be made available to such less than full-time and independent students;**]**

(3) provide that in the selection of students for employment under such work-study program, only students, who demonstrate financial need in accordance with part F of this title, and who meet the requirements of section 484 will be assisted, except that if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, or (B) independent students, then grant funds shall be made available to such less than full-time and independent students;

* * * * * * *

(6) include provisions to make employment under such work-study program reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof**[**, and to make equivalent employment offered or arranged by the institution reasonably available (to the extent of available funds) to all students in the institution who desire such employment;**]***;*

* * * * * * *

(c) PRIVATE SECTOR EMPLOYMENT AGREEMENT.—As part of its agreement described in subsection (b), an institution of higher education may, at its option, enter into an additional agreement with the Secretary which shall—

(1) * * *

* * * * * * *

(4) provide that jobs under the work study program will be academically relevant, *to the maximum extent practicable*; and

(5) provide that the for-profit organization will not use funds made available under this part to pay any employee who would otherwise be employed by the organization.

(d) TUTORING AND LITERACY ACTIVITIES.—

(1) USE OF FUNDS.—In any academic year to which subsection (b)(2)(B) applies, an institution shall use the amount required to be used in accordance with this subsection to compensate (including compensation for time spent in directly related training and travel) students—

(A) employed as a reading tutor for children who are in preschool through elementary school; or

(B) employed in family literacy projects.

(2) PRIORITY FOR SCHOOLS.—An institution shall—

(A) give priority, in using such funds, to the employment of students in the provision of tutoring services in schools that—

(i) are identified for school improvement under section 1116(c) of the Elementary and Secondary Education Act of 1965; or

(ii) are selected by a local educational agency under section 15104(a)(2) of such Act; and

(B) ensure that any student compensated with such funds who is employed in a school selected under section

15104(a)(2) of the Elementary and Secondary Education Act of 1965 is trained in the instructional practices based on reliable, replicable research on reading used by the school pursuant to such section 15104.

(3) FEDERAL SHARE.—The Federal share of the compensation of work study students compensated under this subsection may exceed 75 percent.

(4) WAIVER.—The Secretary may waive the requirements of this subsection if the Secretary determines that enforcing such requirements would cause a hardship for students at the institution.

(5) RETURN OF FUNDS.—Any institution that does not use the amount required under this subsection, and that does not request and receive a waiver from the Secretary under paragraph (4), shall return to the Secretary, at such time as the Secretary may require for reallocation under paragraph (6), any balance of such amount that is not used as so required.

(6) REALLOCATION.—The Secretary shall reallot any amounts returned pursuant to paragraph (5) among institutions that used at least 4 percent of the total amount of funds granted to such institution under this section to compensate students employed in tutoring and literacy activities in the preceding academic year. Such funds shall be reallotted among such institutions on the same basis as excess eligible amounts are allocated to institutions pursuant to section 442(c). Funds received by institutions pursuant to this paragraph shall be used in the same manner as amounts required to be used in accordance with this subsection.

* * * * * * *

SEC. 445. FLEXIBLE USE OF FUNDS.

(a) * * *

(b) CARRY-BACK AUTHORITY.—(1) * * *

* * * * * * *

(3) An eligible institution may, with the permission of a student, make payments to the student under this part by crediting the student's account at the institution or by making a direct deposit to the student's account at a depository institution. An eligible institution may only credit the student's account at the institution for (A) tuition and fees, (B) in the case of institutionally owned housing, room and board, and (C) other institutionally provided goods and services.

SEC. 446. JOB LOCATION AND DEVELOPMENT PROGRAMS.

(a) AGREEMENTS REQUIRED.—(1) The Secretary is authorized to enter into agreements with eligible institutions under which such institution may use not more than 10 percent or [$50,000] *$60,000* of its allotment under section 442, whichever is less, to establish or expand a program under which such institution, separately or in combination with other eligible institutions, locates and develops jobs, including [community service jobs, for currently enrolled students] *community service jobs and cooperative education jobs, for* *currently enrolled students, including students participating in work-study programs under this part.*

* * * * * * *

(b) CONTENTS OF AGREEMENTS.—Agreements under subsection (a) shall—

(1) * * *

* * * * * * *

(4) provide that the institution will notify the Secretary if the institution will use funds under this section to develop cooperative education jobs and will provide assurances that—

(A) the funds provided under this paragraph will supplement and not supplant any cooperative education funds available to the institution;

(B) in the case of 2-year programs, funds will be used to develop and expand cooperative education, jobs for associate degree or certificate students only;

(C) the work portion of a cooperative education job developed or expanded under this paragraph will be related to a student's academic program; and

(D) the institution will furnish the Secretary a report on cooperative education jobs expanded and developed under this paragraph, including—

(i) how the funds were used;

(ii) a list of employers and whether the employer is a for-profit or not-for-profit entity; and

(iii) the employers' role in the cooperative education job.

[(4)**]** *(5)* provide satisfactory assurance that the location or development of jobs pursuant to programs assisted under this section will not result in the displacement of employed workers or impair existing contracts for services;

[(5)**]** *(6)* provide satisfactory assurance that Federal funds used for the purpose of this section can realistically be expected to help generate student wages exceeding, in the aggregate, the amount of such funds, and that if such funds are used to contract with another organization, appropriate performance standards are part of such contract; and

[(6)**]** *(7)* provide that the institution will submit to the Secretary an annual report on the uses made of funds provided under this section and an evaluation of the effectiveness of such program in benefiting the students of such institution.

* * * * * * *

SEC. 448. WORK COLLEGES.

(a) * * *

* * * * * * *

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year **[**1993**]** *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

* * * * * * *

SEC. 452. FUNDS FOR ORIGINATION OF DIRECT STUDENT LOANS.

(a) * * *

* * * * * * *

(c) Delivery of Loan Funds.—Loan funds shall be paid and delivered to an institution by the Secretary prior to the beginning of the payment period established by the Secretary in a manner that is consistent with payment and delivery of [basic grants] *Federal Pell Grants* under subpart 1 of part A of this title.

SEC. 453. SELECTION OF INSTITUTIONS FOR PARTICIPATION AND ORIGINATION.

(a) [Phase-In of Program.—

[(1) General authority.—] *General Authority.*—The Secretary shall enter into agreements pursuant to section 454(a) with institutions of higher education to participate in the direct student loan program under this part, and agreements pursuant to section 454(b) with institutions of higher education, or consortia thereof, to originate loans in such program, for academic years beginning on or after July 1, 1994. Alternative origination services, through which an entity other than the participating institution at which the student is in attendance originates the loan, shall be provided by the Secretary, through 1 or more contracts under section 456(b) or such other means as the Secretary may provide, for students attending participating institutions that do not originate direct student loans under this part. Such agreements for the academic year 1994–1995 shall, to the extent feasible, be entered into not later than January 1, 1994.

[(2) Transition provisions.—In order to ensure an expeditious but orderly transition from the loan programs under part B of this title to the direct student loan program under this part, the Secretary shall, in the exercise of the Secretary's discretion, determine the number of institutions with which the Secretary shall enter into agreements under subsections (a) and (b) of section 454 for any academic year, except that the Secretary shall exercise such discretion so as to achieve the following goals:

[(A) for academic year 1994–1995, loans made under this part shall represent 5 percent of the new student loan volume for such year;

[(B) for academic year 1995–1996, loans made under this part shall represent 40 percent of the new student loan volume for such year;

[(C) for academic years 1996–1997 and 1997–1998, loans made under this part shall represent 50 percent of the new student loan volume for such years; and

[(D) for the academic year that begins in fiscal year 1998, loans made under this part shall represent 60 percent of the new student loan volume for such year.

[(3) Exception.—The Secretary may exceed the percentage goals described in subparagraphs (C) or (D) of paragraph (2) if the Secretary determines that a higher percentage is warranted by the number of institutions of higher education that desire to participate in the program under this part and that meet the eligibility requirements for such participation.

[(4) New student loan volume.—For the purpose of this subsection, the term "new student loan volume" means the estimated sum of all loans (other than consolidation loans) that will be made, insured or guaranteed under this part and part B in the year for which the determination is made. The Secretary shall base the estimate described in the preceding sentence on the most recent program data available.]

(b) Selection Criteria.—

(1) * * *

(2) Selection procedure.—The Secretary shall select institutions for participation in the direct student loan program under this part, and shall enter into agreements with such institutions under section 454(a), from among those institutions that submit the applications described in paragraph (1), and meet such other eligibility requirements as the Secretary shall [prescribe, by, to the extent possible—

[(A)(i) categorizing such institutions according to anticipated loan volume, length of academic program, control of the institution, highest degree offered, size of student enrollment, geographic location, annual loan volume, and default experience; and

[(ii) beginning in academic year 1995–1996 selecting institutions that are reasonably representative of each of the categories described pursuant to clause (i); and

[(B) if the Secretary determines it necessary in order to carry out the purposes of subparagraph (A) and attain such reasonable representation (as required by subparagraph (A)), selecting additional institutions.] *prescribe.*

(c) Selection Criteria for Origination.—

(1) * * *

(2) [Transition selection criteria] *Selection criteria.*—[For academic year 1994–1995, the] *The* Secretary may approve an institution to originate loans only if such institution—

[(A) made loans under part E of this title in academic year 1993–1994 and did not exceed the applicable maximum default rate under section 462(g) for the most recent fiscal year for which data are available;]

[(B)] *(A)* is not on the reimbursement system of payment for any of the programs under subpart 1 or 3 of part A, part C, or part E of this title;

[(C)] *(B)* is not overdue on program or financial reports or audits required under this title;

[(D)] *(C)* is not subject to an emergency action, or a limitation, suspension, or termination under section 428(b)(1)(T), 432(h), or 487(c);

[(E)**]** *(D)* in the opinion of the Secretary, has not had significant deficiencies **[**identified by a State postsecondary review entity under subpart 1 of part H of this title;**]***;*

[(F)**]** *(E)* in the opinion of the Secretary, has not had severe performance deficiencies for any of the programs under this title, including such deficiencies demonstrated by audits or program reviews submitted or conducted during the 5 calendar years immediately preceding the date of application;

[(G)**]** *(F)* provides an assurance that such institution has no delinquent outstanding debts to the Federal Government, unless such debts are being repaid under or in accordance with a repayment arrangement satisfactory to the Federal Government, or the Secretary in the Secretary's discretion determines that the existence or amount of such debts has not been finally determined by the cognizant Federal agency; and

[(H)**]** *(G)* meets such other criteria as the Secretary may establish to protect the financial interest of the United States and to promote the purposes of this part.

(3) REGULATIONS GOVERNING APPROVAL **[**AFTER TRANSITION**]**.—**[**For academic year 1995–1996 and subsequent academic years, the**]** *The* Secretary shall promulgate and publish in the Federal Register regulations governing the approval of institutions to originate loans under this part in accordance with section 457(a)(2).

* * * * * * *

SEC. 455. TERMS AND CONDITIONS OF LOANS.

(a) * * *

[(b) INTEREST RATE.—

[(1) RATES FOR FDSL AND FDUSL.—For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

[(B) 3.1 percent,

except that such rate shall not exceed 8.25 percent.

[(2) IN SCHOOL AND GRACE PERIOD RULES.—(A) Notwithstanding the provisions of paragraph (1), but subject to paragraph (3), with respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

[(i) prior to the beginning of the repayment period of the loan; or

[(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C), shall not exceed the rate determined under subparagraph (B).

[(B) For the purpose of subparagraph (A), the rate determined under this subparagraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to such June 1; plus

[(ii) 2.5 percent,

except that such rate shall not exceed 8.25 percent.

[(3) OUT-YEAR RULE.—Notwithstanding paragraphs (1) and (2), for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(A) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

[(B) 1.0 percent,

except that such rate shall not exceed 8.25 percent.

[(4) RATES FOR FDPLUS.—(A) For Federal Direct PLUS Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(i) the bond equivalent rate of 52-week Treasury bills auctioned at final auction held prior to such June 1; plus

[(ii) 3.1 percent,

except that such rate shall not exceed 9 percent.

[(B) For Federal Direct PLUS loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

[(i) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

[(ii) 2.1 percent,

except that such rate shall not exceed 9 percent.

[(5) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.]

(b) INTEREST RATE.—

(1) RATES FOR FDSL AND FDUSL.—For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 2.3 percent,

except that such rate shall not exceed 8.25 percent.

(2) IN SCHOOL AND GRACE PERIOD RULES.—With respect to any Federal Direct Stafford Loan or Federal Direct Unsub-

sidized Stafford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

(A) prior to the beginning of the repayment period of the loan; or

(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 428(b)(1)(M) or 427(a)(2)(C),

shall be determined under paragraph (1) by substituting "1.7 percent" for "2.3 percent".

(3) PLUS LOANS.—With respect to Federal Direct PLUS Loan for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall be determined under paragraph (1)—

(A) by substituting "3.1 percent" for "2.3 percent"; and

(B) by substituting "9.0 percent" for "8.25 percent".

(4) REPAYMENT INCENTIVES.—Notwithstanding any other provision of this part, the Secretary is authorized to prescribe in regulation such reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment. Such reductions may be offered only if the Secretary determines they are both cost neutral and in the best financial interest of the Federal Government. Any increase in subsidy costs resulting from such reductions must be completely offset by corresponding savings in funds available for the Direct Loan Program in that fiscal year from section 458 and other administrative accounts.

(5) PUBLICATION.—The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

* * * * * * *

(g) FEDERAL DIRECT CONSOLIDATION LOANS.—A borrower of a loan made under this part may consolidate such loan with the loans described in section 428C(a)(4) **[**only under such terms and conditions as the Secretary shall establish pursuant to section 457(a)(1) or regulations promulgated under this part.**]**. Loans made under this subsection shall be known as "Federal Direct Consolidation Loans".

* * * * * * *

(j) LOAN DISBURSEMENT.—

(1) * * *

(2) PAYMENT PERIODS.—The Secretary shall establish periods for the payments described in paragraph (1) in a manner consistent with payment of **[**basic grants**]** *Federal Pell Grants* under subpart 1 of part A of this title.

(k) FISCAL CONTROL AND FUND ACCOUNTABILITY.—

(1) * * *

* * * * * * *

(3) TRANSACTION HISTORIES.—All transaction histories under this part shall be maintained using the same system designated by the Secretary for the provision of [basic grants] *Federal Pell Grants* under subpart 1 of part A of this title.

SEC. 456. CONTRACTS.

(a) * * *

(b) CONTRACTS FOR ORIGINATION, SERVICING, AND DATA SYSTEMS.—The Secretary may enter into contracts for—

(1) * * *

* * * * * * *

(3) the establishment and operation of 1 or more data systems for the maintenance of records on all loans made under this part; *and*

[(4) services to assist in the orderly transition from the loan programs under part B to the direct student loan program under this part; and]

[(5)] *(4)* such other aspects of the direct student loan program as the Secretary determines are necessary to ensure the successful operation of the program.

* * * * * * *

SEC. 458. FUNDS FOR ADMINISTRATIVE EXPENSES.

(a) ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.—Each fiscal year, there shall be available to the Secretary from funds not otherwise appropriated, funds to be obligated for—

(A) administrative costs under this part and part B, including the costs of the direct student loan programs under this part, and

[(B) administrative cost allowances payable to guaranty agencies under part B and calculated in accordance with paragraph (2),

not to exceed (from such funds not otherwise appropriated) $507,000,000 in fiscal year 1998, $610,000,000 in fiscal year 1999, $705,000,000 in fiscal year 2000, $750,000,000 in fiscal year 2001, and $750,000,000 in fiscal year 2002. Administrative cost allowances under subparagraph (B) of this paragraph shall be paid quarterly and used in accordance with section 428(f). The Secretary may carry over funds available under this section to a subsequent fiscal year.

[(2) CALCULATION BASIS.—Administrative cost allowances payable to guaranty agencies under paragraph (1)(B) shall be calculated on the basis of 0.85 percent of the total principal amount of loans upon which insurance was issued in excess of $8,200,000,000 in fiscal year 1997 and upon which insurance is issued on or after October 1, 1997, except that such allowances shall not exceed—

[(A) $170,000,000 for each of the fiscal years 1998 and 1999; or

[(B) $150,000,000 for each of the fiscal years 2000, 2001, and 2002.]

(B) account maintenance fees payable to guaranty agencies under part B and calculated in accordance with paragraph (2),

not to exceed (from such funds not otherwise appropriated) $626,000,000 in fiscal year 1999, $726,000,000 in fiscal year 2000, $770,000,000 in fiscal year 2001, $780,000,000 in fiscal year 2002, and $795,000,000 in fiscal year 2003. Account maintenance fees under subparagraph (B) of this paragraph shall be paid quarterly and deposited in the Operating Fund established under 422B. The Secretary may carry over funds available under this section to a subsequent fiscal year.

(2) CALCULATION BASIS.—Account maintenance fees payable to guaranty agencies under paragraph (1)(B) shall be calculated for fiscal year 1999 and fiscal year 2000, on the basis of 0.12 percent of the original principal amount of outstanding loans on which insurance was issued under part B, and for fiscal years 2001 and succeeding fiscal years, shall be calculated on the basis of 0.10 percent of the original principal amount of outstanding loans on which insurance was issued under part B.

* * * * * * *

[(d) NOTIFICATION.—In the event the Secretary finds it necessary to use the authority provided to the Secretary under subsection (a) to draw funds for administrative expenses from a future year's funds, no funds may be expended under this section unless the Secretary immediately notifies the Committees on Appropriations of the Senate and of the House of Representatives, and the Labor and Human Resources Committee of the Senate and the Education and Labor Committee of the House of Representatives, of such action and explain the reasons for such action.**]**

SEC. 459. AUTHORITY TO SELL LOANS.

The Secretary, in consultation with the Secretary of the Treasury, is authorized to sell loans made under this part on such terms as the Secretary determines are in the best interest of the United States, except that any such sale shall not result in any cost to the Federal Government. Notwithstanding any other provision of law, the proceeds of any such sale may be used by the Secretary to offer reductions in the interest rate paid by a borrower of a loan made under this part as the Secretary determines appropriate to encourage on-time repayment. Such reductions may be offered only if the Secretary determines they are in the best financial interests of the Federal Government.

SEC. 459A. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—

(1) FUNCTIONS OF SECRETARY.—The percent specified in paragraph (4) of the total amount of any qualifying loan shall be canceled for each complete year of service by the borrower described in paragraph (3).

(2) QUALIFYING LOANS.—

(A) IN GENERAL.—For purposes of this subsection, a loan is a qualifying loan if—

(i) the loan was a Federal Direct Stafford Loan made on or after the date of enactment of the Higher Edu-

cation Amendments of 1998 to a borrower who, on the date of entering into the note or other written evidence of the loan, had no outstanding balance of principal or interest on any loan made before such date; and

(ii) the loan was obtained to cover the cost of instruction for an academic year after the first and second year of undergraduate education.

(B) LIMITATION.—The Secretary may not repay loans described in subparagraph (A) to cover the costs of instruction for more than two academic years, or three academic years in the case of a program of instruction normally requiring five years.

(C) TREATMENT OF CONSOLIDATION LOANS.—A Federal Direct Consolidation Loan may be a qualifying loan for the purposes of this subsection only to the extent that such loan was used to repay a loan or loans that meet the requirements of subparagraphs (A) and (B), as determined in accordance with regulations prescribed by the Secretary.

(3) QUALIFYING SERVICE.—A loan shall be cancelled under paragraph (1) for service by the borrower as a full-time teacher for each complete academic year of service, after completion of the second academic year of service, in a public or other nonprofit private elementary or secondary school—

(A) which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965; and

(B) which for the purpose of this paragraph and for that year has been determined by the State educational agency of the State in which the school is located to be a school in which the enrollment of children counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school.

(4) PERCENTAGE OF CANCELLATION.—(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is at the rate of—

(i) 30 percent for the first or second complete academic year of qualifying service as described in paragraph (3) (after completion of two years of service); and

(ii) 40 percent for the third complete year of such qualifying service.

(B) The total amount that may be canceled under this subsection for any borrower shall not exceed $17,750.

(C) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

(D) Nothing in this section shall be construed to authorize refunding of any repayment of a loan.

(5) LIMITATION ON TEACHER ELIGIBILITY.—

(A) SECONDARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a secondary school unless such borrower majored in the subject area in which they are teaching.

(B) ELEMENTARY SCHOOL TEACHERS.—A borrower may not receive assistance under this subsection by virtue of teaching in a elementary school unless such borrower demonstrates, in accordance with State teacher certification or licensing requirements, subject matter knowledge and teaching skills in reading, writing, mathematics, and other subjects taught in elementary schools.

(6) DEFINITION.—For the purpose of this section, the term "year" where applied to service as a teacher means an academic year as defined by the Secretary.

(7) TREATMENT OF CANCELED AMOUNTS.—The amount of a loan, and interest on a loan, which is canceled under this section shall not be considered income for purposes of the Internal Revenue Code of 1986.

(8) PREVENTION OF DOUBLE BENEFITS.—No borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.).

(b) SPECIAL RULES.—

(1) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (a)(3) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

(2) CONTINUING ELIGIBILITY.—Any teacher who performs service in a school which—

(A) meets the requirements of subsection (a)(3) in any year during such service; and

(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (a)(1) with respect to such subsequent years.

PART E—FEDERAL PERKINS LOANS

SEC. 461. APPROPRIATIONS AUTHORIZED.

(a) * * *

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated $250,000,000 for fiscal year **[**1993**]** *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) In addition to the funds authorized under paragraph (1), there are hereby authorized to be appropriated such sums for fiscal year **[**1997**]** *2003* and each of the 5 succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, **[**1997**]** *2003*, to continue or complete courses of study.

* * * * * * *

SEC. 462. ALLOCATION OF FUNDS.

(a) * * *

[(b) ALLOCATION OF EXCESS BASED ON PRO RATA SHARE.—From one-quarter of the remainder of the amount appropriated pursuant to section 461(b) for any fiscal year (after making the allocations required by subsection (a) of this section), the Secretary shall allocate to each eligible institution an amount which bears the same ratio to such one-quarter as—

[(1) the amount the eligible institution receives for such fiscal year under subsection (a), bears to

[(2) the amount all such institutions receive under such subsection (a).]

[(c)] *(b)* ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From [three-quarters of the remainder] *the remainder* of the amount appropriated pursuant to section 461(b) after making the allocations required by subsection (a) of this section, the Secretary shall allocate to each eligible institution which has an excess eligible amount an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

(2) For any eligible institution, the excess eligible amount is the amount, if any, by which—

(A)(i) that institution's eligible amount (as determined under paragraph (3)), divided by (ii) the sum of the eligible amounts of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 461(b) for the fiscal year; exceeds

(B) the amount required to be allocated to that institution under subsection (a),

except that an eligible institution which has a default rate in excess of the applicable maximum default rate under subsection [(g)] *(f)* may not receive an allocation under this paragraph.

(3) For any eligible institution, the eligible amount of that institution is equal to—

(A) the amount of the institution's self-help need, as determined under subsection [(d)] *(c)*; minus

(B) the institution's anticipated collections; multiplied by

(C) the institution's default penalty, as determined under subsection [(f)] *(e)*;

except that, if the institution has a default rate in excess of the applicable maximum default rate under subsection [(g)] *(f)*, the eligible amount of that institution is zero.

[(d)] *(c)* DETERMINATION OF INSTITUTION'S SELF-HELP NEED.—(1) The amount of an institution's self-help need is equal to the sum of the self-help need of the institution's eligible undergraduate students and the self-help need of the institution's eligible graduate and professional students.

* * * * * * *

[(e)] *(d)* ANTICIPATED COLLECTIONS.—(1) An institution's anticipated collections are equal to the amount which was collected during the second year preceding the beginning of the award period, multiplied by 1.21.

* * * * * * *

[(f)] *(e)* DEFAULT REDUCTION AND DEFAULT PENALTIES.—(1) For any fiscal year prior to fiscal year 1994, any institution which has a default rate which equals or exceeds 7.5 percent but does not exceed the maximum default rate applicable to the award year under subsection [(g)] *(f)*, the institution's default penalty is a percentage equal to the complement of such default rate. For any institution which has a default rate that does not exceed 7.5 percent, the institution's default penalty is equal to one.

(2) For fiscal year 1994 and any succeeding fiscal year, any institution with a cohort default rate (as defined under subsection (h)) which—

(A) equals or exceeds 15 percent, shall establish a default reduction plan pursuant to regulations issued by the Secretary, *except that a plan shall not be required with respect to any such institution that has a default rate of less than 20 percent and has less than 100 students who have loans under this part in any academic year*;

* * * * * * *

[(g)] *(f)* Applicable Maximum Default Rate.—(1) For award years 1992 and 1993, the applicable maximum default rate is 15 percent.

(2) For award year 1994 and subsequent years, the maximum cohort default rate is 30 percent.

[(h)] *(g)* Definitions of Default Rate and Cohort Default Rate.—(1) * * *

* * * * * * *

(5) For the purpose of this subsection, the term "satisfactory arrangements to resume payment" includes—

(A) receipt of voluntary monthly payments for three consecutive months after the time periods specified in paragraph (4);

(B) receipt of voluntary payments sufficient to bring the loan current prior to the calculation being made for any award year under paragraph (3);

(C) obtaining any deferment, postponement, rehabilitation, forbearance, or cancellation of the loan after the time periods specified in paragraph (4), but prior to the calculation being made for any award year under paragraph (3);

(D) receipt of the full amount due on the loan after the time periods specified in paragraph (4), but prior to the calculation being made for any award year under paragraph (3); or

(E) any other arrangements to resume payment which the Secretary determines to be satisfactory.

[(i)] *(h)* Filing Deadlines.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

[(j)] *(i)* Reallocation of Excess Allocations.—

(1) * * *

(2) Excess eligible amount.—For any participating institution, the excess eligible amount is the amount, if any, by which—

(A)(i) that institution's eligible amount (as determined under paragraph (3) of subsection [(c)] *(b)*), divided by (ii) the sum of the eligible amounts of all participating institutions (as determined under paragraph (3)), multiplied by (iii) the amount of funds available for reallocation under this subsection; exceeds

(B) the amount required to be allocated to that institution under subsection **[**(c) of section 462**]** *(b)*.

* * * * * * *

SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

(a) * * *

* * * * * * *

(c) Cooperative Agreements With Credit Bureau Organizations.—(1) * * *

* * * * * * *

(5) Each institution of higher education shall notify the appropriate credit bureau organizations whenever a borrower of a loan that is made and held by the institution and that is in default makes 12 consecutive monthly payments on such loan, for the purpose of encouraging such organizations to update the status of information maintained with respect to that borrower.

* * * * * * *

(f) Incentive Repayment Programs.—

(1) Program authorized.—Any institution of higher education participating in the program under this part may establish, with the approval of the Secretary, an incentive repayment program designed to reduce defaults on loans under this part and to assist in replenishing the student loan fund established under this part.

(2) Contents of program.—An incentive repayment program under this part may contain provisions that—

(A) offer a reduction in the interest rate on a loan on which the borrower has made 48 consecutive monthly payments, but in no event may the interest rate be reduced by more than one percent;

(B) provide for a discount on the balance owed on a loan on which the borrower pays the principal and interest in full prior to the end of the applicable repayment period, but in no event shall such discount exceed 5 percent of the unpaid principal balance due on the loan at the time the early repayment is made; and

(C) include such other incentive repayment options as the institution determines, with the approval of the Secretary, will carry out the objectives of this subsection.

(3) No net cost to the government.—No incentive option contained in a program authorized by this subsection may be charged to the Federal Government.

* * * * * * *

SEC. 464. TERMS OF LOANS.

(a) Terms and Conditions.—(1) * * *

(2)(A) * * *

(B) Except as provided in paragraph (4), **[**the aggregate of the loans for all years**]** *the aggregate unpaid principal amount for all loans* made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

(i) * * *

* * * * * * *

(b) DEMONSTRATION OF NEED AND ELIGIBILITY REQUIRED.—[(1)] A loan from a student loan fund assisted under this part may be made only to a student who demonstrates financial need in accordance with part F of this title, who meets the requirements of section 484, and who provides the institution with the student's drivers license number, if any, at the time of application for the loan.

[(2) If the institution's capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, or (B) independent students, and if the total financial need of all such less than full-time and independent students at the institution exceeds 5 percent of the total financial need of all students at such institution, then at least 5 percent of such loans shall be made available to such less than full-time and independent students.]

(c) CONTENTS OF LOAN AGREEMENT.—(1) * * *

(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period—

(i) * * *

* * * * * * *

(iv) during which the borrower is engaged in service described in section 465(a)(2);

and provides that any such period shall not be included in determining the 10-year period described in [subparagraph (B)] *subparagraph (A) of paragraph (1).*

(B) No repayment of principal of, or interest on, any loan for any period described in subparagraph (A) shall begin until 6 months after the completion of such period.

(C) An individual with an outstanding loan balance who meets the eligibility criteria for a deferment described in subparagraph (A) as in effect on the date of enactment of this subparagraph shall be eligible for deferment under this paragraph notwithstanding any contrary provision of the promissory note under which the loan or loans were made, and notwithstanding any amendment (or effective date provision relating to any amendment) to this section made prior to the date of such deferment.

* * * * * * *

(g) REHABILITATION OF LOANS.—(1)(A) If the borrower of a loan made under this part who has defaulted on the loan makes 12 on-time, consecutive, monthly payments of amounts owed on the loan, the loan shall be considered rehabilitated, and the institution that made the loan (or the Secretary, in the case of a loan held by the Secretary) shall instruct any credit reporting organization to which the default was reported to remove the default from the borrower's credit history.

(B) As long as the borrower continues to make scheduled repayments on a loan rehabilitated under this paragraph, the rehabilitated loan shall be subject to the same terms and conditions, and

qualify for the same benefits and privileges, as other loans made under this part.

(C) The borrower of a rehabilitated loan shall not be precluded by section 484 from receiving additional grant, loan, or work assistance under this title (for which he or she is otherwise eligible) on the basis of defaulting on the loan prior to such rehabilitation.

(D) A borrower may obtain the benefit of this paragraph with respect to rehabilitating the loan only once.

(2) If the borrower of the loan made under this part who has defaulted on that loan makes 6 on-time, consecutive, monthly payments of amounts owed on such loan, the borrower's eligibility for grant, loan, or work assistance under this title shall be restored. A borrower may obtain the benefit of this paragraph with respect to restored eligibility only once.

(h) DISCHARGE.—

(1) IN GENERAL.—If a student borrower who received a loan made under this part on or after January 1, 1986, is unable to complete the program in which such student is enrolled due to the closure of the institution, then the Secretary shall discharge the borrower's liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals, or settle the loan obligation.

(2) ASSIGNMENT.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund up to the amount discharged against the institution and its affiliates and principals.

(3) ELIGIBILITY FOR ADDITIONAL ASSISTANCE.—The period of a student's assistance at an institution at which the student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

(4) SPECIAL RULE.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded, because of that discharge, from receiving additional grant, loan, or work assistance under this title for which the borrower would be otherwise eligible (but for the default on the discharged loan). The amount discharged under this subsection shall be treated the same as loans under section 465(a)(5).

(5) REPORTING.—The Secretary or institution, as the case may be, shall report to credit bureaus with respect to loans that have been discharged pursuant to this subsection.

SEC. 465. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1) * * *

(2) Loans shall be canceled under paragraph (1) for service—

(A) * * *

* * * * * * *

(C) as a full-time special education teacher, including teachers of infants, toddlers, children, or youth with disabilities in a public or other nonprofit elementary or secondary school system, or as a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by the lead agency as authorized in [section 676(b)(9)] *section 635(a)(10)* of the Individuals With Disabilities Education Act;

* * * * * * *

[(H) as a full-time nurse or medical technician providing health care services; or]

(H) as a full-time nurse or medical technician providing health care services;

(I) as a full-time employee of a public or private nonprofit child or family service agency who is providing, or supervising the provision of, services to high-risk children who are from low-income communities and the families of such children[.]*;*

(J) as a member of the Commissioned Corps of the Public Health Service of the United States; or

(K) as a non-physician mental health professional providing health care services in a health professional shortage area designated under section 332 of the Public Health Service Act.

For the purpose of this paragraph, the term "children with disabilities" has the meaning set forth in [section 602(a)(1)] *section 602(3)* of the Individuals with Disabilities Education Act.

* * * * * * *

(7) An individual with an outstanding loan obligation who performs service of any type that is described in paragraph (2) as in effect on the date of enactment of this paragraph shall be eligible for cancellation under this section for such service notwithstanding any contrary provision of the promissory note under which the loan or loans were made, and notwithstanding any amendment (or effective date provision relating to any amendment) to this section made prior to the date of such service.

(b) REIMBURSEMENT FOR CANCELLATION.—The Secretary shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of loans from its student loan fund which are canceled pursuant to this section for such year, minus an amount equal to the aggregate of the amounts of any such loans so canceled which were made from Federal capital contributions to its student loan fund provided by the Secretary under section 468. None of the funds appropriated pursuant to section 461(b) shall be available for payments pursuant to this subsection. *To the extent feasible, the Secretary shall pay the amounts for which any institution qualifies under this subsection no later than three months after the institution files an institutional application for campus-based funds.*

* * * * * * *

SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

(a) IN GENERAL.—After September 30, [1996] *2003*, and not later than March 31, [1997] *2004*, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to the balance in such fund at the close of September 30, [1996] *2003*, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to the sum of such Federal contributions and the institution's capital contributions to such fund.

(2) The remainder of such balance shall be paid to the institution.

(b) DISTRIBUTION OF LATE COLLECTIONS.—After March 31, 2005, each institution with which the Secretary has made an agreement under this part, shall pay to the Secretary the same proportionate share of amounts received by this institution after September 30, [1996] *2003*, in payment of principal and interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after deduction of any costs of litigation incurred in collection of the principal or interest on loans from the fund and not already reimbursed from the fund or from such payments of principal or interest), as was determined for the Secretary under subsection (a).

(c) DISTRIBUTION OF EXCESS CAPITAL.—(1) Upon a finding by the institution or the Secretary prior to October 1, [1997] *2004*, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

(A) * * *

* * * * * * *

SEC. 467. COLLECTION OF DEFAULTED LOANS: PERKINS LOAN REVOLVING FUND.

(a) * * *

* * * * * * *

[(c) PERKINS LOAN REVOLVING FUND.—(1) There is established a Perkins Loan Revolving Fund which shall be available without fiscal year limitation to the Secretary to make payments under this part, in accordance with paragraph (2) of this subsection. There shall be deposited in the Perkins Revolving Loan Fund—

[(A) all funds collected by the Secretary on any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a);

[(B) all funds collected by the Secretary on any loan referred under paragraph (5)(B)(ii) of section 463(a);

[(C) all funds paid to the Secretary under section 466(c)(1)(A);

[(D) all funds from a student loan fund under this part received by the Secretary as the result of the closure of an institution of higher education;

[(E) all funds received by the Secretary as a result of an audit of a student loan fund established under this part; and

[(F) all funds which have been appropriated and which the Secretary determines are not necessary for carrying out section

465, relating to the cancellation of certain loans under this part for qualifying service.

[(2) Notwithstanding any other provision of law, the Secretary shall, from the Perkins Loan Revolving Fund established under paragraph (1), pay allocations of additional capital contributions to eligible institutions of higher education in accordance with section 462, except that funds described in subparagraph (B) of paragraph (1) shall be repaid to the institution of higher education which referred the loan, as specified in section 463(a)(5)(B)(ii). The Secretary shall make the payments required by this paragraph in a manner designed to maximize the availability of capital loan funds under this part.]

SEC. 468. GENERAL AUTHORITY OF SECRETARY.

(a) In General.—In carrying out the provisions of this part, the Secretary is authorized—

(1) * * *

* * * * * * *

(b) Student Status Confirmation Reports.—The Secretary shall ensure that borrowers under this part are included in the student status confirmation report required by the Secretary in the same manner as borrowers under parts B and D of this title.

* * * * * * *

PART F—NEED ANALYSIS

* * * * * * *

SEC. 472. COST OF ATTENDANCE.

For the purpose of this title, the term "cost of attendance" means—

(1) * * *

(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, *including a reasonable allowance for the rental or purchase of a personal computer,* for a student attending the institution on at least a half-time basis, as determined by the institution;

* * * * * * *

(10) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs[, but this paragraph shall not be construed to permit including the cost of rental or purchase of equipment;]*;*

* * * * * * *

SEC. 474. DETERMINATION OF EXPECTED FAMILY CONTRIBUTION; DATA ELEMENTS.

(a) * * *

(b) Data Elements.—The following data elements are considered in determining the expected family contribution:

(1) * * *

* * * * * * *

(3) the number of dependents in the family of the student, *excluding the student's parents,* who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 and for whom the family may reasonably be expected to contribute to their postsecondary education;

* * * * * * *

SEC. 475. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

(a) * * *

(b) Parents' Contribution From Adjusted Available Income.—The parents' contribution from adjusted available income is equal to the amount determined by—

(1) computing adjusted available income by adding—

(A) the parents' available income (determined in accordance with subsection (c)); and

(B) the [parents' contribution] *family contribution* from assets (determined in accordance with subsection (d));

* * * * * * *

(3) dividing the assessment resulting under paragraph (2) by the number of the family members, *excluding the student's parents,* who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 during the award period for which assistance under this title is requested;

except that the amount determined under this subsection shall not be less than zero.

* * * * * * *

(d) [Parents' Contribution] *Family Contribution* From Assets.—

(1) In general.—The [parents'] *family* contribution from assets is equal to—

(A) the [parental] *family* net worth (determined in accordance with paragraph (2)); minus

* * * * * * *

(2) [Parental] *Family* net worth.—The [parental] *family* net worth is calculated by adding, *for both the parents and the dependent student*—

(A) * * *

* * * * * * *

(g) Student Contribution From Available Income.—

(1) * * *

(2) Adjustment to student income.—The adjustment to student income is equal to the sum of—

(A) * * *

* * * * * * *

(D) an income protection allowance of **[**$1,750; and**]** *$3,000, or a successor amount prescribed by the Secretary under section 478;*

(E) the amount of any tax credit taken by the student under section 25A of the Internal Revenue Code of 1986**[**.**]***; and*

(F) an allowance for parents' negative available income, determined in accordance with paragraph (6).

* * * * * * *

(6) ALLOWANCE FOR PARENTS' NEGATIVE AVAILABLE INCOME.—The allowance for parents' negative available income is the amount, if any, by which the sum of the amounts deducted under subparagraphs (A) through (F) of paragraph (2) exceeds the parents' total income (as defined in section 480).

[(h) STUDENT CONTRIBUTION FROM ASSETS.—The student contribution from assets is determined by calculating the net assets of the student and multiplying such amount by 35 percent, except that the result shall not be less than zero.**]**

[(i)**]** *(h)* ADJUSTMENTS TO PARENTS' CONTRIBUTION FOR ENROLLMENT PERIODS OTHER THAN 9 MONTHS FOR PURPOSES OTHER THAN SUBPART 2 OF PART A OF THIS TITLE.—For periods of enrollment other than 9 months, the parents' contribution from adjusted available income (as determined under subsection (b)) is determined as follows for purposes other than subpart 2 of part A of this title:

(1) * * *

* * * * * * *

(i) ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—For periods of enrollment of less than nine months, the student's contribution from adjusted available income (as determined under subsection (g)) is determined, for purposes other than subpart 2 of part A, by dividing amount determined under such subsection by nine, and multiplying the result by the number of months in the period of enrollment.

SEC. 476. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS OTHER THAN A SPOUSE.

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student without dependents other than a spouse, the expected family contribution is determined by—

(1) adding—

(A) the family's contribution from available income (determined in accordance with subsection (b)); and

(B) the family's contribution from assets (determined in accordance with subsection (c)); **[**and**]**

(2) dividing the sum resulting under paragraph (1) by the number of students who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 during the award period for which assistance under this title is requested; *and*

(3) for periods of enrollment of other than 9 months, for purposes other than subpart 2 of part A—

(A) dividing the quotient resulting under paragraph (2) by nine; and

(B) multiplying the result by the number of months in the period of enrollment;

except that the amount determined under this subsection shall not be less than zero.

(b) FAMILY'S CONTRIBUTION FROM AVAILABLE INCOME.—

(1) IN GENERAL.—The family's contribution from income is determined by—

(A) deducting from total income (as defined in section 480)—

(i) * * *

* * * * * * *

(iv) an income protection [allowance of—] *allowance of the following amount (or a successor amount prescribed by the Secretary under section 478)—*

(I) [$3,000] *$5,500* for single students;

(II) [$3,000] *$5,500* for married students where both are enrolled pursuant to subsection (a)(2); and

(III) [$6,000] *$8,500* for married students where one is enrolled pursuant to subsection (a)(2);

* * * * * * *

SEC. 477. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student with dependents other than a spouse, the expected family contribution is equal to the amount determined by—

(1) * * *

(2) assessing such adjusted available income in accordance with an assessment schedule set forth in subsection (d); [and]

(3) dividing the assessment resulting under paragraph (2) by the number of family members who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 during the award period for which assistance under this title is requested; *and*

(4) for periods of enrollment of other than 9 months, for purposes other than subpart 2 of part A—

(A) dividing the quotient resulting under paragraph (3) by nine; and

(B) multiplying the result by the number of months in the period of enrollment;

except that the amount determined under this subsection shall not be less than zero.

* * * * * * *

SEC. 478. REGULATIONS; UPDATED TABLES.

(a) * * *

(b) INCOME PROTECTION ALLOWANCE.—**[For each academic year]**

(1) REVISED TABLES.—For each academic year after academic year 1993–1994, the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table in each such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

(2) REVISED AMOUNTS.—For each academic year after academic year 1997–1998, the Secretary shall publish in the Federal Register revised income protection allowances for the purpose of sections 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised allowances shall be developed by increasing each of the dollar amounts contained in such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1996 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

* * * * * * *

SEC. 479A. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

(a) IN GENERAL.—Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) *or, in extraordinary circumstances, the amount of the expected family contribution,* to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. *Special circumstances may include tuition expenses at an elementary or secondary school, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in a family's income or assets or a student's status. Extraordinary circumstances shall be defined by the Secretary by regulation.* Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title. No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

* * * * * * *

[(c) Adjustments for Special Circumstances.—

[(1) In general.—A student financial aid administrator shall be considered to be making an adjustment for special circumstances in accordance with subsection (a) if—

[(A) in the case of a dependent student—

[(i) such student received a Federal Pell Grant as a dependent student in academic year 1992–1993 and the amount of such student's Federal Pell Grant for academic year 1993–1994 is at least $500 less than the amount of such student's Federal Pell Grant for academic year 1992–1993; and

[(ii) the decrease described in clause (i) is the direct result of a change in the determination of such student's need for assistance in accordance with this part that is attributable to the enactment of the Higher Education Amendments of 1992; and

[(B) in the case of a single independent student—

[(i) such student received a Federal Pell Grant as a single independent student in academic year 1992–1993 and qualified as an independent student in accordance with section 480(d) for academic year 1993–1994, and the amount of such student's Federal Pell Grant for academic year 1993–1994 is at least $500 less than the amount of such student's Federal Pell Grant for academic year 1992–1993; and

[(ii) the decrease described in clause (i) is the direct result of a change in the determination of such student's need for assistance in accordance with this part that is attributable to the enactment of the Higher Education Amendments of 1992.

[(2) Amount.—A financial aid administrator shall not make an adjustment for special circumstances pursuant to this subsection in an amount that exceeds one-half of the difference between the amount of a student's Federal Pell Grant for academic year 1992–1993 and the amount of such student's Federal Pell Grant for academic year 1993–1994.

[(3) Academic year limitation.—A financial aid administrator shall make adjustments under this subsection only for Federal Pell Grants awarded for academic years 1993–1994, 1994–1995, and 1995–1996.

[(4) Special rule.—Adjustments under this subsection shall be made in any fiscal year only if an Act that contains an appropriation for such fiscal year to carry out this subsection is enacted on or after the date of enactment of the Higher Education Technical Amendments of 1993.

[(5) Limitation.—Adjustments under this subsection shall not be available for any academic year to any student who, on the basis of the financial circumstances of the student for the current academic year, would not have been eligible for a grant under this section in academic year 1992–1993.]

(c) Refusal or Adjustment of Loan Certifications.—On a case-by-case basis, an eligible institution may refuse to certify a statement which permits a student to receive a loan under part B, or refuse to make a loan under part D, or may certify a loan amount

or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student and the student is afforded an opportunity to appeal the action in a timely fashion. No eligible institution shall discriminate against any borrower or applicant in obtaining a loan on the basis of race, national origin, religion, sex, marital status, age, or handicapped status.

* * * * * * *

SEC. 480. DEFINITIONS.

As used in this part:

(a) * * *

(j) OTHER FINANCIAL ASSISTANCE; TUITION PREPAYMENT PLANS.—(1) * * *

* * * * * * *

(3) Notwithstanding paragraph (1), *a post-service benefit under chapter 30 of title 38, United States Code, or* a national service educational award or post-service benefit under title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.) shall not be treated as financial assistance for purposes of section 471(3).

* * * * * * *

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

SEC. 481. DEFINITIONS.

[(a) INSTITUTION OF HIGHER EDUCATION.—(1) Subject to paragraphs (2) through (4) of this subsection, the term "institution of higher education" for purposes of this title includes, in addition to the institutions covered by the definition in section 1201(a)—

[(A) a proprietary institution of higher education;

[(B) a postsecondary vocational institution; and

[(C) only for the purposes of part B of this title, an institution outside the United States which is comparable to an institution of higher education as defined in section 1201(a) and which has been approved by the Secretary for the purpose of part B.

[(2)(A) For the purpose of qualifying as an institution under paragraph (1)(C) of this subsection, the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 1201(a). In the case of a graduate medical school outside the United States, such criteria shall include a requirement that a student attending a graduate medical school outside the United States is ineligible for loans made, insured, or guaranteed under part B of this title unless—

[(i)(I) at least 60 percent of those enrolled and at least 60 percent of the graduates of the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of this title; and

[(II) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United

States (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of this title; or

[(ii) the institution's clinical training program was approved by a State as of January 1, 1992.

[(B) For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish an advisory panel of medical experts which shall—

[(i) evaluate the standards of accreditation applied to applicant foreign medical schools; and

[(ii) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

If such accreditation standards are determined not to be comparable, the foreign medical school shall be required to meet the requirements of section 1201(a).

[(C) The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subparagraph (A) of this paragraph shall render such institution ineligible for the purpose of part B of this title.

[(D) The Secretary shall, not later than one year after the date of enactment of the Higher Education Amendments of 1992, prepare and submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report on the implementation of the regulations required by subparagraph (A) of this paragraph.

[(E) If, pursuant to this paragraph, an institution loses eligibility to participate in the programs under this title, then a student enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

[(3) An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1), if such institution—

[(A) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 521(4)(C) of the Carl D. Perkins Vocational and Applied Technology Education Act;

[(B) enrolls 50 percent or more of its students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree;

[(C) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the prohibition of this subparagraph for a nonprofit institution that provides a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree, respectively; or

[(D) has a student enrollment in which more than 50 percent of the students do not have a high school diploma or its recognized equivalent and does not provide a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that it exceeds such limitation because it serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a high school diploma or its recognized equivalent.

[(4) An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if—

[(A) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy; or

[(B) the institution, its owner, or its chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title, or has been judicially determined to have committed fraud involving funds under this title.

[(5) The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part H.

[(6) An institution of higher education shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution is removed from eligibility for funds under this title as a result of an action pursuant to part H of this title.

[(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—For the purpose of this section, the term "proprietary institution of higher education" means a school (1) which provides an eligible program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section 1201(a), (3) which does not meet the requirement of clause (4) of section 1201(a), (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary pursuant to part H of this title, (5) which has been in existence for at least 2 years, and (6) which has at least 15 percent of its revenues from sources that are not derived from funds provided under this title, as determined in accordance with regulations prescribed by the Secretary. Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

[(c) POSTSECONDARY VOCATIONAL INSTITUTION.—For the purpose of this section, the term "postsecondary vocational institution" means a school (1) which provides an eligible program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1), (2), (4), and (5) of section 1201(a), and (3) which has been in existence for at least 2 years. Such term also includes an educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.]

[(d)] *(a)* ACADEMIC AND AWARD YEAR.—(1) For the purpose of any program under this title, the term "award year" shall be defined as the period beginning July 1 and ending June 30 of the following year.

* * * * * * *

[(e)] *(b)* ELIGIBLE PROGRAM.—(1) * * *

* * * * * * *

[(f)] *(c)* THIRD PARTY SERVICER.—For purposes of this title, the term "third party servicer" means any individual, or any State, or private, profit or nonprofit organization which enters into a contract with—

(1) * * *

* * * * * * *

(d) DISTANCE LEARNING.—For the purpose of any program under this title, the term "distance learning" means an educational process that is characterized by the separation, in time or place, between instructor and student. Distance learning may include courses offered principally through the use of—

(1) television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or satellite transmission;

(2) audio or computer conferencing;

(3) video cassettes or discs; or

(4) correspondence.

* * * * * * *

SEC. 482. MASTER CALENDAR.

(a) SECRETARY REQUIRED TO COMPLY WITH SCHEDULE.—To assure adequate notification and timely delivery of student aid funds under this title, the Secretary shall adhere to the following calendar dates in the year preceding the award year:

(1) * * *

* * * * * * *

(3) The Secretary shall, to the extent practicable, notify eligible institutions, guaranty agencies, lenders, interested software providers, and, upon request, other interested parties, by December 1 prior to the start of an award year of minimal hardware and software requirements necessary to administer programs under this title.

(4) The Secretary shall attempt to conduct training activities for financial aid administrators and others in an expeditious and timely manner prior to the start of such award year in

order to ensure that all participants are informed of all administrative requirements.

* * * * * * *

(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—Any regulatory changes initiated by the Secretary affecting the programs pursuant to this title that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such December 1 date. [For award year 1994–95, this subsection shall not require a delay in the effectiveness of regulatory changes affecting parts B, G, and H of this title that are published in final form by May 1, 1994.] *The Secretary shall provide a period for public comment of not less than 60 days after publication of any notice of proposed rulemaking affecting programs under this title.*

* * * * * * *

SEC. 483. FORMS AND REGULATIONS.

(a) COMMON FINANCIAL AID FORM AND PROCESSING.—

(1) SINGLE FORM REQUIRED.—The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance under parts [A, C, D, and E] *A through E* of this title (other than under subpart 4 of part A) [and to determine the need of a student for the purpose of part B of this title]. The Secretary may include on the form developed pursuant to this paragraph not more than eight nonfinancial data items selected in consultation with the States to assist the States in awarding State student financial assistance. Such form shall satisfy the requirements of section 401(d) of this title. [For the purpose of collecting eligibility and other data for the purpose of part B, the Secretary shall develop a separate, identifiable loan application document (pursuant to section 432(m)) that applicants or institutions in which the students are enrolled or accepted for enrollment shall submit directly to eligible lenders and on which the applicant shall clearly indicate a choice of a lender.] *The Secretary shall include, on the first page of the form, a prominently displayed notice to students and parents advising them to check with the college financial aid office in the event that they have unusual circumstances which may affect their eligibility for financial aid.*

(2) CHARGES TO STUDENTS AND PARENTS FOR USE OF FORM PROHIBITED.—The common financial reporting form prescribed by the Secretary under paragraph (1) shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of such form. The need and eligibility of a student for financial assistance under parts [A, C, D, and E] *A through E* of this title (other than under subpart 4 of part A) [and the need of a student for the purpose of part B of this title,] may only be determined by using the form developed by the Secretary pursuant to paragraph (1) of

this subsection. No student may receive assistance under parts [A, C, D, and E] *A through E* of this title (other than under subpart 4 of part A) [or have the student's need established for the purpose of part B of this title], except by use of the form developed by the Secretary pursuant to this section. No data collected on a form for which a fee is charged shall be used to complete the form prescribed under paragraph (1).

(3) DISTRIBUTION OF DATA.—Institutions of higher education and States shall receive, without charge, the data collected by the Secretary using the form developed pursuant to this section for the purposes of *processing loan applications and* determining need and eligibility for institutional and State financial aid awards. Entities designated by institutions of higher education or States to receive such data shall be subject to all requirements of this section, unless such requirements are waived by the Secretary.

* * * * * * *

(5) ELECTRONIC FORMS.—(A) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, including private computer software providers, shall develop an electronic version of the form described in paragraph (1). Such an electronic version shall not require a signature to be collected at the time such version is submitted, as permitted by the Secretary. The Secretary shall prescribe such version no later than 120 days after the date of enactment of the Higher Education Amendments of 1998.

(B) Nothing in this section shall prohibit the use of the version of the form developed by the Secretary pursuant to subparagraph (A) by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software providers, a consortium thereof, or such other entities as the Secretary may designate.

(C) The Secretary shall provide to such organization or consortium necessary specifications that software developed, produced, distributed (including any diskette, modem or network communications, or otherwise) must meet. Included in the specifications shall be test cases that such organization or consortia must use to prove accuracy of its cases to the Secretary. If the results of the test cases are inconsistent with the provisions of this part, the Secretary shall notify the submitting organizations or consortium of his objection within 30 days of such submission. In the absence of such an objection the organization or consortium may use the electronic form as submitted. No fee shall be charged to students in connection with the use of the electronic form, or of any other electronic forms used in conjunction with such form in applying for Federal or State student financial assistance.

(D) The Secretary shall ensure that data collection complies with section 552a of title 5, United States Code, and that any entity using the version of the form developed by the Secretary pursuant to subparagraph (A) shall maintain reasonable and appropriate administrative, technical, and physical safeguards to ensure the integrity and confidentiality of the information, and to protect against security threats, or unauthorized uses or

disclosures of the information provided on the version of the form. Data collected by such version of the form shall be used only for the application, award, and administration of aid awarded under this title, State aid, or aid awarded by eligible institutions or such entities as the Secretary may designate. No data collected by such version of the form shall be used for making final aid awards under this title until such data have been processed by the Secretary or a contractor or designee of the Secretary.

(b) STREAMLINED REAPPLICATION PROCESS.—(1) The Secretary shall[, within 240 days after the date of enactment of the Higher Education Amendments of 1992,] develop a streamlined reapplication form and process, including electronic reapplication process, consistent with the requirements of subsection (a), for those recipients who apply for financial aid funds under this title in the next succeeding academic year subsequent to the initial year in which such recipients apply.

* * * * * * *

(c) INFORMATION TO COMMITTEES OF CONGRESS.—Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this title shall be provided to the Committee on Labor and Human Resources of the Senate and the Committee on Education and [Labor] *the Workforce* of the House of Representatives at least 45 days prior to their effective date.

(d) TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone service to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing the application form for assistance under this title. Such service shall also include a service accessible by telecommunications devices for the deaf (TDD's) and shall, in addition to the services provided for in the previous sentence, refer such students to the national clearinghouse on postsecondary education that is authorized under section [633(c)] *685(d)(2)(C)* of the Individuals with Disabilities Education Act.

* * * * * * *

[(f) SPECIAL RULE.—Nothing in section 1544 of the Higher Education Amendments of 1992 shall relieve processors or institutions of higher education of any or all obligations under this section.]

SEC. 484. STUDENT ELIGIBILITY.

(a) IN GENERAL.—In order to receive any grant, loan, or work assistance under this title, a student must—

(1) * * *

* * * * * * *

(4) file with [the institution of higher education which the student intends to attend, or is attending (or in the case of a loan or loan guarantee with the lender), a document] *the Federal Government, as part of the original financial aid application process, a certification,* which need not be notarized, but which shall include—

(A) * * *

(B) such student's social security number, *and if a dependent student, the social security number of any parent of such student whose income information is required to be included on the form,* except that the provisions of this subparagraph shall not apply to a student from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau;

* * * * * * *

(j) ASSISTANCE UNDER SUBPARTS 1, 3, AND 6, AND CHAPTER 1 OF SUBPART 2, OF PART A, AND PART C.—Notwithstanding any other provision of law, a student shall be eligible *until September 30, 2001*, if otherwise qualified, for assistance under subparts 1, 3, and 6, and chapter 1 of subpart 2, of part A, and part C, of this title, if the student is otherwise qualified and—

(1) * * *

* * * * * * *

(q) VERIFICATION OF INCOME DATA.—

(1) CONFIRMATION WITH IRS.—The Secretary of Education, in cooperation with the Secretary of the Treasury, is authorized to confirm with the Internal Revenue Service the adjusted gross income, filing status, and exemptions reported by applicants (including parents) under this title on their Federal income tax returns for the purpose of verifying the information reported by applicants on student financial aid applications.

(2) NOTIFICATION.—The Secretary shall establish procedures under which an applicant is notified that the Internal Revenue Service will disclose to the Secretary tax return information as authorized under section 6103(l)(13) of the Internal Revenue Code of 1986.

(r) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.—

(1) IN GENERAL.—An individual student who has been convicted of any offense under any Federal or State law involving the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

If convicted of an offense involving:	*Ineligibility period is:*
The possession of a controlled substance:	
First offense	*1 year*
Second offense	*2 years*
Third offense	*indefinite*
The sale of a controlled substance:	
First offense	*2 years*
Second offense	*indefinite*

(2) REHABILITATION.—A student whose eligibility has been suspended under paragraph (1) may resume eligibility before the end of the period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe for purposes of this paragraph.

(3) DEFINITIONS.—As used in this subsection, the term "controlled substance" has the meaning given in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

SEC. 484A. STATUTE OF LIMITATIONS.

(a) * * *

* * * * * * *

(c) STATE COURT JUDGMENTS.—A judgment of a State court for the recovery of money provided as grant, loan, or work assistance under this title that has been assigned or transferred to the Secretary under this title may be registered in any district court by filing a certified copy of the judgment and the assignment or other transfer to the Secretary. A judgment so registered shall have the same force and effect, and may be enforced in the same manner, as a judgment of the district court of the district in which the judgment is registered.

* * * * * * *

SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

(a) INFORMATION DISSEMINATION ACTIVITIES.—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. [The information required by this section shall be produced and be made readily available, through appropriate publications and mailings, to all current students, and to any prospective student upon request.] *The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media to all current students and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this Act and section 444 of the General Education Provisions Act (also referred to as the Family Educational Rights and Privacy Act of 1974), together with a statement of the procedures required to obtain such information. The information required by this section shall accurately describe—*

(A) * * *

* * * * * * *

(3) In calculating the completion or graduation rate under subparagraph (L) of paragraph (1) of this subsection or under subsection (e), a student shall be counted as a completion or graduation if, within 150 percent of the normal time for completion of or graduation from the program, the student has completed or graduated from the program[, or enrolled in any program of an eligible institution for which the prior program provides substantial preparation]. The information required to be disclosed under such subparagraph—

[(A) shall, for any academic year beginning more than 270 days after the Secretary first prescribes final regulations pursuant to such subparagraph (L), be made available to current and

prospective students prior to enrolling or entering into any financial obligation; and]

(A) shall be made available by July 1 each year to current and prospective students prior to enrolling or entering into any financial obligation; and

* * * * * * *

(6) Each institution may, but is not required to, provide supplemental information to enrolled and prospective students showing the completion or graduation rate for students transferring into the institution or information showing the rate at which students transfer out of the institution.

* * * * * * *

(d) Departmental Publication of Descriptions of Assistance Programs.—(1) The Secretary shall make available to eligible institutions, eligible lenders, and secondary schools descriptions of Federal student assistance programs including the rights and responsibilities of student and institutional participants, in order to [(1)] (A) assist students in gaining information through institutional sources, and [(2)] (B) assist institutions in carrying out the provisions of this section, so that individual and institutional participants will be fully aware of their rights and responsibilities under such programs. In particular, such information shall include information to enable students and prospective students to assess the debt burden and monthly and total repayment obligations that will be incurred as a result of receiving loans of varying amounts under this title. In addition, such information shall include information to enable borrowers to assess the practical consequences of loan consolidation, including differences in deferment eligibility, interest rates, monthly payments, and finance charges, and samples of loan consolidation profiles to illustrate such consequences. The Secretary shall provide information concerning the specific terms and conditions under which students may obtain partial or total cancellation or defer repayment of loans for service, shall indicate (in terms of the Federal minimum wage) the maximum level of compensation and allowances that a student borrower may receive from a tax-exempt organization to qualify for a deferment, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization. Such information shall be provided by eligible institutions and eligible lenders at any time that information regarding loan availability is provided to any student.

(2) The Secretary shall, to the extent such information is available, compile information describing State prepaid tuition programs and disseminate such information to States, eligible institutions, students, and parents in departmental publications.

(3) The Secretary shall, to the extent practicable, update the Department's Internet site to include direct links to databases which contain information on public and private financial assistance programs. The Secretary shall only provide direct links to databases which can be accessed without charge and shall verify with appropriate parties that the databases included in the direct link are not in any way providing fraudulent information. The Secretary shall prominently display adjacent to the direct link a disclaimer indicat-

ing that a direct link to a database does not constitute an endorsement or recommendation of the database or its provider or any services or products of such provider. The Secretary shall provide additional direct links to information resources from which students may obtain information about fraudulent and deceptive practices in the provision of services related to student financial aid.

(e) DISCLOSURES REQUIRED WITH RESPECT TO ATHLETICALLY RELATED STUDENT AID.—(1) * * *

(2) When an institution described in paragraph (1) of this subsection offers a potential student athlete athletically related student aid, such institution shall provide to the student and [his parents, his guidance] *the student's parents, guidance* counselor, and coach the information contained in the report submitted by such institution pursuant to paragraph (1). *If the institution is a member of a national collegiate athletic association that compiles graduation rate data on behalf of its member institutions that the Secretary determines is substantially comparable to the information described in paragraph (1), the distribution of the compilation of such data to all secondary schools in the United States shall fulfill the responsibility of the institution to provide information to a prospective student athlete's guidance counselor and coach.*

* * * * * * *

(4) Each institution of higher education described in paragraph (1) may provide supplemental information to students and the Secretary showing the completion or graduation rate [when such completion or graduation rate includes students transferring into and out of such institution] *for students transferring into the institution or information showing the rate at which students transfer out of the institution.*

* * * * * * *

[(9) This subsection shall not be effective until the first July 1 that follows, by more than 270 days, the date on which the Secretary first prescribes final regulations pursuant to this subsection. The reports required by this subsection shall be due on that July 1 and each succeeding July 1 and shall cover the 1-year period ending August 31 of the preceding year.]

(9) The reports required by this subsection shall be due on each July 1 and shall cover the 1-year period ending August 31 of the preceding year.

(f) DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.—(1) Each eligible institution participating in any program under this title shall on August 1, 1991, begin to collect the following information with respect to campus crime statistics and campus security policies of that institution, and beginning September 1, 1992, and each year thereafter, prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

(A) * * *

* * * * * * *

[(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available, of the following criminal offenses reported to campus security authorities or local police agencies—

[(i) murder;
[(ii) sex offenses, forcible or nonforcible;
[(iii) robbery;
[(iv) aggravated assault;
[(v) burglary; and
[(vi) motor vehicle theft.]

(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years, of the following criminal offenses or arrests reported to campus security authorities, campus officials who have direct administrative responsibility for student or campus activities, disciplinary officers and other officials responsible for resolving student disciplinary matters, athletic department officials, or local police agencies (including offenses handled through the campus disciplinary system):

(i) murder;
(ii) sex offenses, forcible or nonforcible;
(iii) robbery;
(iv) aggravated assault;
(v) burglary;
(vi) motor vehicle theft;
(vii) manslaughter;
(viii) larceny;
(ix) arson; and
(x) arrests or persons referred for campus disciplinary action for liquor law violations, drug-related violations, and weapons possession.

* * * * * * *

[(H) Statistics concerning the number of arrests for the following crimes occurring on campus:

[(i) liquor law violations;
[(ii) drug abuse violations; and
[(iii) weapons possessions.]

[(I)] *(H)* A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws and a statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws and a description of any drug or alcohol abuse education programs as required under section [1213] *111* of this Act.

* * * * * * *

(4) [Upon the request of the Secretary, each] *On an annual basis, each* institution participating in any program under this title shall submit to the Secretary a copy of the statistics required to be made available under [paragraphs (1)(F) and (1)(H)] *paragraph (1)(F)*. The Secretary shall—

(A) review such statistics and report to the Committee on Education and [Labor] *the Workforce* of the House of Representatives and the Committee on Labor and Human Resources of the Senate on campus crime statistics by September 1, **[**1995; and**]** *2000;*

(B) make copies of the statistics submitted to the Secretary available to the public; and

[(B)**]** *(C)* in coordination with representatives of institutions of higher education, identify exemplary campus security policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus crime.

* * * * * * *

(6) The statistics described in **[**paragraphs (1)(F) and (1)(H)**]** *paragraph (1)(F)* shall be compiled in accordance with the definitions used in the uniform crime reporting system of the Department of Justice, Federal Bureau of Investigation, and the modifications in such definitions as implemented pursuant to the Hate Crime Statistics Act. *Such statistics shall not identify victims of crimes or persons accused of crimes.*

* * * * * * *

(8)(A) Each institution participating in any program under this title that maintains either a police or security department of any kind shall make, keep, and maintain a daily log, written in a form that can be easily understood, recording in chronological order all crimes reported to such police or security department, including the nature, date, time, and general location of each crime and the disposition of the complaint, if known.

(B) All entries that are required by this paragraph shall be open to public inspection during normal business hours within two business days of the initial report being made to the department, unless—

(i) disclosure of such information is prohibited by law; or

(ii) the release of such information is likely to jeopardize an ongoing criminal investigation or the safety of an individual, cause a suspect to flee or evade detection, or result in the destruction of evidence.

Any information withheld under clause (ii) shall be open to public inspection as soon as the damage that is the basis for such withholding is no longer likely to occur.

(9) The Secretary shall provide technical assistance in complying with the provisions of this section to an institution of higher education who requests such assistance.

(g) DATA REQUIRED.—

(1) IN GENERAL.—Each coeducational institution of higher education that participates in any program under this title, and has an intercollegiate athletic program, shall annually, for the immediately preceding academic year, prepare a report that contains the following information regarding intercollegiate athletics:

(A) * * *

* * * * * * *

(I)(i) The total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports

combined and all other women's sports combined, derived by the institution from its intercollegiate athletics activities.

(ii) For the purpose of clause (i), revenues from intercollegiate athletics activities allocable to a sport shall include (without limitation) gate receipts, broadcast revenues, appearance guarantees and options, concessions, and advertising, but revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only.

(J)(i) The total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, made by the institution for its intercollegiate athletics activities.

(ii) For the purpose of clause (i) expenses for intercollegiate athletics activities allocable to a sport shall include (without limitation) grants-in-aid, salaries, travel, equipment, and supplies, but expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.

(K) A statement of any reduction that may or is likely to occur during the ensuing 4 academic years in the number of athletes that will be permitted to participate in any collegiate sport, or in the financial resources that the institution will make available to any such sport, and the reasons for any such reduction.

* * * * * * *

[(5) REGULATIONS AND EFFECTIVE DATE.—The Secretary shall issue final regulations to implement the requirements of this subsection not later than 180 days following the enactment of this subsection. Each institution described in paragraph (1) shall make available its first report pursuant to this section not later than October 1, 1996.**]**

* * * * * * *

SEC. 485B. NATIONAL STUDENT LOAN DATA SYSTEM.

(a) DEVELOPMENT OF THE SYSTEM.—The Secretary shall consult with a representative group of guaranty agencies, eligible lenders, and eligible institutions to develop a mutually agreeable proposal for the establishment of a National Student Loan Data System containing information regarding loans made, insured, or guaranteed under part B and loans made under parts D and E, and for allowing the electronic exchange of data between program participants and the system. In establishing such data system, the Secretary shall place a priority on providing for the monitoring of enrollment, student status, information about current loan holders and servicers, and internship and residency information. Such data system shall also permit borrowers to use the system to identify the current loan holders and servicers of such borrower's loan *no later than one year after the date of enactment of the Higher Education Amendments of 1997*. The information in the data system shall include (but is not limited to)—

(1) * * *

* * * * * * *

SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.

(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purposes of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for the purpose of that program) and shall**[**, except with respect to a program under subpart 4 of part A,**]** enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

(1) * * *

* * * * * * *

(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this title, together with assurances that the institution will provide, upon request and in a timely fashion, information relating to the administrative capability and financial responsibility of the institution to—

(A) the Secretary;

[(B) the appropriate State review entity designated under subpart 1 of part H;**]**

(B) the appropriate State agency;

(C) the appropriate guaranty agency; and

(D) the appropriate accrediting agency or association.

(4) The institution will comply with the provisions of subsection **[**(b)**]** *(c)* of this section and the regulations prescribed under that subsection, relating to fiscal eligibility.

* * * * * * *

(15) The institution acknowledges the authority of the Secretary, guaranty agencies, lenders, accrediting agencies, the Secretary of Veterans Affairs, and **[**State review entities under subpart 1 of part H**]** *appropriate State agencies* to share with each other any information pertaining to the institution's eligibility to participate in programs under this title or any information on fraud and abuse.

* * * * * * *

[(18)(A) With respect to any institution that offers athletically related student aid, the institution will—

[(i) cause an annual compilation, independently audited not less often than every 3 years, to be prepared within 6 months after the end of its fiscal year, of—

[(I) the total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, derived by the institution from its intercollegiate athletics activities;

[(II) the total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined and all other women's sports combined, made by the institution for its intercollegiate athletics activities; and

[(III) the total revenues and operating expenses of the institution; and

[(ii) make the reports on such compilations and, where allowable by State law, the audits, available for inspection by the Secretary and the public.

[(B) For the purpose of subparagraph (A)—

[(i) revenues from intercollegiate athletics activities allocable to a sport shall include without limitation gate receipts, broadcast revenues, appearance guarantees and options, concessions and advertising, but revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only; and

[(ii) expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies, but expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.]

(18) The institution will meet the requirements established pursuant to section 485(g).

* * * * * * *

[(21) The institution will meet the requirements established by the Secretary, State postsecondary review entities, and accrediting agencies pursuant to part H of this title.]

(21) The institution will meet the requirements established by the Secretary, appropriate State agencies, and accrediting agencies, pursuant to part H of this title.

* * * * * * *

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clause (ii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, [State agencies, and the State review entities referred to in subpart 1 of part H;] *and appropriate State agencies;* or

* * * * * * *

(2) If an individual who, or entity that, exercises substantial control, as determined by the Secretary in accordance with the definition of substantial control in subpart [3] *2* of part H, over one or more institutions participating in any program under this title, or, for purposes of paragraphs (1)(H) and (I), over one or more organizations that contract with an institution to administer any aspect of the institution's student assistance program under this title, is determined to have committed one or more violations of the requirements of any program under this title, or has been suspended or debarred in accordance with the regulations of the Secretary, the Secretary may use such determination, suspension, or debarment as the basis for imposing an emergency action on, or limiting, suspending, or terminating, in a single proceeding, the participation of any or all institutions under the substantial control of that individual or entity.

* * * * * * *

(4) The Secretary shall publish[, after consultation with each State review entity designated under subpart 1 of part H,] a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(5) The Secretary shall make readily available to appropriate guaranty agencies, eligible lenders, [State review entities designated under subpart 1 of part H] *appropriate State agencies*, and accrediting agencies or associations the results of the audits of eligible institutions conducted pursuant to paragraph (1)(A).

* * * * * * *

(d) DEFINITION OF ELIGIBLE INSTITUTION.—For the purpose of this section, the term "eligible institution" means any such institution described in section [481] *101(a)(2)* of this Act.

* * * * * * *

[SEC. 487A. QUALITY ASSURANCE PROGRAM.

[(a) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems to verify student financial aid application data, thereby enhancing program integrity within the student aid delivery system. The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

[(b) EXEMPTION FROM REQUIREMENTS.—The Secretary is authorized to exempt any institution participating in the Quality Assurance Program from any reporting or verification requirements in this title, and may substitute such quality assurance reporting as

the Secretary deems necessary to ensure accountability and compliance with the purposes of the programs under this title.

[(c) Removal From the Program.—The Secretary is authorized to determine—

[(1) when an institution that is unable to administer the Quality Assurance Program must be removed from such program, and

[(2) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

[(d) Experimental Sites.—(1) The Secretary is authorized to select institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

[(2) The Secretary is authorized to exempt any institution participating as an experimental site from any requirements in this title, or in regulations prescribed under this title, that would bias experimental results.

[(e) Definitions.—For purposes of this section, "current award year" is defined as the award year during which the participating institution indicates its intention to cease participation.]

SEC. 487A. QUALITY ASSURANCE AND REGULATORY SIMPLIFICATION PROGRAM.

(a) In General.—The Secretary is authorized to select institutions for voluntary participation in a Regulatory Simplification Program that provides participating institutions with the opportunity to develop and implement an alternative management program that—

(1) shall allow alternative methods of complying with regulations issued with respect to parts A through E and G of this title;

(2) shall not modify or waive the application of any requirement or other provision of this Act; and

(3) may include a Quality Assurance Program through which individual schools develop and implement their own comprehensive systems to verify student financial aid application data, thereby enhancing program integrity within the student aid delivery system.

(b) Selection Criteria.—The criteria for selecting institutions for participation in the Regulatory Simplification Program shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration regulatory simplification goals, as determined by the Secretary. The selection criteria shall ensure the participation of representatives of institutions of higher education according to size, mission, and geographical distribution.

(c) Removal From the Program.—The Secretary is authorized to determine—

(1) when an institution that is unable to administer the Regulatory Simplification Program must be removed from such program, and

(2) when institutions desiring to cease participation in such Program will be required to complete the current award year under the requirements of the Program.

(d) EXPERIMENTAL SITES.—The Secretary is authorized to designate institutions selected for participation in the Regulatory Simplification Program as Experimental Sites.

(e) DEFINITIONS.—For purposes of this section, the term "current award year" means the award year during which the participating institution indicates its intention to cease participation.

SEC. 487B. DISTANCE EDUCATION DEMONSTRATION PROGRAMS.

(a) PURPOSE.—It is the purpose of this section—

(1) to allow demonstration programs that are strictly monitored by the Department of Education to test the quality and viability of expanded distance education programs currently restricted under this Act;

(2) to provide for increased student access to higher education through distance education programs;

(3) to help determine the most effective means of delivering quality education via distance education course offerings; and

(4) to help determine the appropriate level of Federal assistance for students enrolled in distance education programs.

(b) DEMONSTRATION PROGRAMS AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized to select institutions or a consortia of institutions for voluntary participation in a Distance Education Demonstration Program that provides participating institutions with the ability to offer distance education programs without regard to the current restrictions in part F or G of this title or part A of title I.

(2) EXEMPTIONS.—The Secretary is authorized to exempt any institution or consortia participating in a Distance Education Demonstration Program from any of the requirements of parts F or G of this title, or part A of title I, or the regulations prescribed under such parts.

(c) APPLICATION.—Each institution or consortia of institutions desiring to participate in a demonstration program under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

(d) SELECTION.—To the extent feasible, the Secretary shall select a representative sample institutions for participation in the demonstration program authorized under this section. In selecting institutions for participation, the Secretary shall take into consideration the institution's financial and administrative capability and the type of program or programs being offered via distance education course offerings. The Secretary shall, in the exercise of his discretion, determine the number of demonstration programs to be allowed based on the number and quality of applications received and the Department's capacity to oversee and monitor each demonstration program.

(e) EVALUATION AND REPORT.—

(1) EVALUATION.—The Secretary shall, on an annual basis, evaluate the demonstration programs authorized under this section. Such evaluations shall specifically review—

(A) the quality of the programs being offered;

(B) issues related to student financial assistance for distance education; and

(C) effective technologies for delivering distance education course offerings.

(2) POLICY ANALYSIS.—In addition, the Secretary shall review current policies and identify those policies which present impediments to the development and use of distance learning and other nontraditional methods of expanding access to education.

(3) REPORT.—The Secretary shall report to the appropriate committees of Congress with respect to—

(A) the evaluations of the demonstration programs authorized under this section; and

(B) any proposed legislative changes designed to enhance the use of distance education.

SEC. [487B.] *487C.* ASSIGNMENT OF IDENTIFICATION NUMBERS.

The Secretary shall assign to each participant in title IV programs, including institutions, lenders, and guaranty agencies, a single Department of Education identification number to be used to identify its participation in each of the title IV programs.

* * * * * * *

SEC. 488A. WAGE GARNISHMENT REQUIREMENT.

(a) GARNISHMENT REQUIREMENTS.—Notwithstanding any provision of State law, a guaranty agency, or the Secretary in the case of loans made, insured or guaranteed under this title that are held by the Secretary, may garnish the disposable pay of an individual to collect the amount owed by the individual, if he or she is not currently making required repayment under a repayment agreement with the Secretary, or, in the case of a loan guaranteed under part B on which the guaranty agency received reimbursement from the Secretary under section 428(c), with the guaranty agency holding the loan, as appropriate, provided that—

(1) the amount deducted for any pay period may not exceed [10] *15* percent of disposable pay, except that a greater percentage may be deducted with the written consent of the individual involved;

* * * * * * *

(d) NO ATTACHMENT OF STUDENT ASSISTANCE.—Except as authorized in this section, notwithstanding any other provision of Federal or State law, no grant, loan, or work assistance awarded under this title, or property traceable to such assistance, shall be subject to garnishment or attachment in order to satisfy any debt owed by the student awarded such assistance, other than a debt owed to the Secretary and arising under this title.

[(d)] *(e)* DEFINITION.—For the purpose of this section, the term "disposable pay" means that part of the compensation of any individual from an employer remaining after the deduction of any amounts required by law to be withheld.

* * * * * * *

SEC. 490A. ADMINISTRATIVE SUBPOENAS.

(a) AUTHORITY.—To assist the Secretary in the conduct of investigations of possible violations of the provisions of this title, the Secretary is authorized to require by subpoena the production of information, documents, reports, answers, records, accounts, papers, and

other documentary evidence pertaining to participation in any program under this title. The production of any such records may be required from any place in a State.

(b) E*NFORCEMENT.—In case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may request the Attorney General to invoke the aid of any court of the United States where such person resides or transacts business for a court order for the enforcement of this section.*

SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

(a) * * *

(b) INDEPENDENCE OF ADVISORY COMMITTEE.—In the exercise of its functions, powers, and duties, the Advisory Committee shall be independent of the Secretary and the other offices and officers of the Department. Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations and expenditures, *staffing levels,* personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. **[**Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures.**]** *Reports, publications, and other documents, including documents in electronic form, shall not be subject to review by the Secretary.* The recommendations of the Committee shall not be subject to review or approval by any officer in the executive branch, but may be submitted to the Secretary for comment prior to submission to the Congress in accordance with subsection (f). The Secretary's authority to terminate advisory committees of the Department pursuant to section 448(b) of the General Education Provisions Act ceased to be effective on June 23, 1983.

(c) MEMBERSHIP.—(1) The Advisory Committee shall have **[**11**]** *15* members of which—

(A) **[**3**]** *5* members shall be appointed by the President pro tempore of the Senate upon the recommendation of the Majority Leader and the Minority Leader,

(B) **[**3**]** *5* members shall be appointed by the Speaker of the House of Representatives upon the recommendation of the Majority Leader and the Minority Leader, and

(C) 5 members shall be appointed by the Secretary including, but not limited to representatives of States, institutions of higher education, secondary schools, credit institutions, students, and parents.

(2) Not less than **[**7**]** *11* members of the Advisory Committee shall be individuals who have been appointed on the basis of technical qualifications, professional standing and demonstrated knowledge in the fields of higher education and student aid administration, need analysis, financing postsecondary education, student aid

delivery, and the operations and financing of student loan guarantee agencies.

* * * * * * *

(e) OPERATIONS OF THE COMMITTEE.—(1) Each member of the Advisory Committee shall be appointed for a term of 3 years, except that, [of the members first appointed—

[(A) 4 shall be appointed for a term of 1 year;

[(B) 4 shall be appointed for a term of 2 years; and

[(C) 3 shall be appointed for a term of 3 years,

as designated at the time of appointment by the Secretary.] *within 90 days after the date of enactment of the Higher Education Amendments of 1998, 2 additional members shall be appointed by the President pro tempore of the Senate (one upon the recommendation of the Majority Leader and one upon the recommendation of the Minority Leader) and 2 additional members shall be appointed by the Speaker of the House (one upon the recommendation of the Majority Leader and one upon the recommendation of the Minority Leader). Of the additional members—*

(A) 2 shall be appointed for a term of 1 year;

(B) 1 shall be appointed for a term of 2 years; and

(C) 1 shall be appointed for a term of 3 years.

* * * * * * *

(4) [Six] *Eight* members of the Advisory Committee shall constitute a quorum.

(5) The Advisory Committee shall meet at the call of the Chairman or a majority of its members.

(6) No officer or full-time employee of the United States shall serve as members of the Advisory Committee.

* * * * * * *

[(g) COMPENSATION AND EXPENSES.—(1) Members of the Advisory Committee who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

[(2) Members of the Advisory Committee who are not officers or full-time employees of the United States may each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.]

(g) COMPENSATION AND EXPENSES.—Members of the Advisory Committee may each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(h) PERSONNEL AND RESOURCES.—(1) The Advisory Committee may appoint such personnel as [may be necessary by the Chairman without regard to] *may be deemed necessary by the Chairman* *without regard to personnel ceilings or* the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS–18 of the General Schedule.

* * * * * * *

(i) AVAILABILITY OF FUNDS.—In each fiscal year not less than [$750,000] *$850,000*, shall be available from the amount appropriated for each such fiscal year from salaries and expenses of the Department for the costs of carrying out the provisions of this section.

[(j) SPECIAL ANALYSES AND ACTIVITIES.—The committee shall—

[(1) monitor and evaluate the program modifications resulting from the enactment of the Higher Education Amendments of 1992, especially as such amendments relate to the need analysis;

[(2) monitor and evaluate the implementation, pursuant to section 483, of a Free Application for Federal Student Aid and the process for determining eligibility and awards for programs under this title, including a simplified reapplication process;

[(3) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year high school students; and

[(4) assess the adequacy of methods of monitoring student debt burden.]

(j) SPECIAL ANALYSES AND ACTIVITIES.—The committee shall—

(1) monitor and evaluate the modernization of student financial aid systems and delivery processes;

(2) monitor and evaluate the implementation of [illegible] performance-based organization within the Department of Education and report to Congress, on not less than an annual basis, including recommendations for improvements; and

(3) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year high school students.

(k) TERM OF THE COMMITTEE.—Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act (5 U.S.C. App. I) or any other statute or regulation, the Advisory Committee shall be authorized until October 1, [1998] *2004*.

[(l) STUDENT LOAN PROGRAM SIMPLIFICATION STUDY.—(1) The Advisory Committee shall conduct a thorough study of means of simplifying all aspects of the loan programs under part B of this title. In carrying out the study, the Advisory Committee shall examine, at a minimum—

[(A) reduction of paperwork burdens experienced by financial aid administrators resulting from the current structure of such loan programs;

[(B) promotion of simplification and standardization of forms, procedures, and all other aspects of guaranty agency operations for the purpose of facilitating data exchanges with such agencies (including the National Student Loan Database) and facilitating Department of Education oversight;

[(C) simplification of the repayment process to minimize borrower confusion, including encouragement of single holder ownership of all of an individual's loans;

[(D) encouragement of efficient utilization of loan programs to minimize multiple program borrowing in postsecondary education; and

[(E) other proposals which are designed to reduce the administrative burdens on, and paperwork required of, students, educational institutions, guaranty agencies, lenders, secondary markets, and the Secretary submitted in response to a general solicitation by the Advisory Committee.

[(2) The Advisory Committee shall consult with the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate in carrying out the study required by this subsection.

[(3) The Advisory Committee shall, not later than 1 year after the date of enactment of this Act, prepare and submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report on the study required by this subsection.]

[SEC. 492. REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.

[(a) MEETINGS.—

[(1) IN GENERAL.—The Secretary shall convene regional meetings to obtain public involvement in the development of proposed regulations for parts B, G, and H of this title. Such meetings shall include individuals and representatives of the groups involved in student financial assistance programs under this title, such as students, legal assistance organizations that represent students, institutions of higher education, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, and collection agencies.

[(2) ISSUES.—During such meetings, the Secretary shall provide for a comprehensive discussion and exchange of information concerning the implementation of parts B, G, and H, as amended by the Higher Education Amendments of 1992. The Secretary shall take into account the information received at such meetings in the development of proposed regulations and shall publish a summary of such information in the Federal Register together with such proposed regulations.

[(b) DRAFT REGULATIONS.—After holding regional meetings and before publishing proposed regulations in the Federal Register, the Secretary shall prepare draft regulations implementing parts B, G, and H of this title as amended by the Higher Education Amendments of 1992 and shall submit such regulations to a negotiated rulemaking process. The Secretary shall follow the guidance provided in sections 305.82–4 and 305.85–5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law. Participants in the negotiations process shall be chosen by the Secretary from individuals nominated by groups participating in the regional meetings described in subsection (a)(1), and shall include both representatives of such groups from Washington, D.C., and industry participants. To the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as individuals serving local areas and national markets. The negotiation process shall be conducted in a timely manner in order that the final regulations may be issued by the Secretary within the 240-day period described in section 431(g) of the General Education Provisions Act.

[(c) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act shall not apply to activities carried out under this section.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated in any fiscal year or made available from funds appropriated to carry out this part in any fiscal year such sums as may be necessary to carry out the provisions of this section, except that if no funds are appropriated pursuant to this subsection, the Secretary shall make funds available to carry out this section from amounts appropriated for the operations and expenses of the Department of Education.]

SEC. 492. NEGOTIATED RULEMAKING.

(a) IN GENERAL.—

(1) REGULATION DEVELOPMENT.—In developing regulations and revisions thereof under this title, the Secretary shall obtain the advice and recommendations of individuals and representatives of the groups involved in student financial assistance programs under this title, such as students, legal assistance organizations that represent students, institutions of higher education, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, and collection agencies.

(2) INPUT.—Such advice and recommendations may be obtained through such mechanisms as national meetings and electronic exchanges of information.

(b) PROPOSED REGULATIONS.—After obtaining such advice and recommendations, and prior to publishing any proposed regulations and revisions thereof under this title in the Federal Register, the Secretary shall prepare draft regulations and submit such regulations to a negotiated rulemaking process. In establishing the negotiated rulemaking process under this section, the Secretary shall—

(1) follow the procedural requirements used in implementing section 1601(b) of the Elementary and Secondary Education Act of 1965;

(2) select participants in the negotiations process from individuals and groups participating in the exchanges described in subsection (a)(1), including both representatives of such groups from the District of Columbia, and industry participants, and to the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as individuals serving local areas and national markets;

(3) conduct the negotiations process in a timely manner in order that final regulations may be issued by the Secretary within the 240-day period described in section 431(g) of the General Education Provisions Act, and any subsequent revisions to regulations under this title may be issued in accord-

ance with the master calendar provisions of section 482 of this title; and

(4) prepare a transcript of the negotiated rulemaking proceedings that shall be available to the public prior to the issuance of any final regulations.

(c) Federal Advisory Committee Act.—The Federal Advisory Committee Act shall not apply to activities carried out under this section.

* * * * * * *

PART H—PROGRAM INTEGRITY [TRIAD]

[Subpart 1—State Postsecondary Review Program

[SEC. 494. STATE POSTSECONDARY REVIEW PROGRAM.

[(a) Purpose.—It is the purpose of this section to authorize the Secretary to enter into agreements that—

[(1) designate one State postsecondary review entity in each State to be responsible for the conduct or coordination of the review under section 494C(d) of institutions of higher education, reported to the State by the Secretary pursuant to section 494C(a), for the purposes of determining eligibility under this title; and

[(2) provide Federal funds to each State postsecondary review entity for performing the functions required by such agreements with the Secretary.

[(b) Program Authority.—The Secretary shall, in accordance with the provisions of this subpart, enter into agreements with each of the States to carry out the purposes of this subpart. If any State declines to enter into an agreement with the Secretary for the purposes of this subpart, the provisions of this subpart which refer to the State, with respect to such State, shall refer to the Secretary, who may make appropriate arrangements with agencies or organizations of demonstrated competence in reviewing institutions of higher education.

[(c) Failure To Comply With Agreement.—If a State fails to enter into an agreement under this section or fails to meet the requirements of its agreement with the Secretary under this subpart—

[(1) the Secretary—

[(A) may not designate as eligible for participation in any program under this title any new institution (including new branch campuses) or any institution that has changed ownership, pursuant to section 481 and subpart 3 of this part; and

[(B) may grant only provisional certification for all institutions in the State pursuant to subpart 3 of this part; and

[(2) the State shall be ineligible to receive funds under section 494B of this subpart, subpart 4 of part A of this title, and chapter 2 of subpart 2 of part A of this title

[SEC. 494A. STATE POSTSECONDARY REVIEW ENTITY AGREEMENTS.

[(a) State Organization Structures.—(1) Each agreement under this subpart shall describe a State organizational structure responsible for carrying out the review under section 494C(d) of institutions reported to the State by the Secretary pursuant to section 494C(a). Each such entity's action in reviewing such institutions shall, for purposes of this subpart, be considered to be the action of the State.

[(2) For the purposes of this subpart, the designation of a State postsecondary review entity for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

[(3) Except as provided in paragraph (6), nothing in this subpart shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, a specific State organizational structure.

[(4) Except as provided in paragraph (6), nothing in this subpart shall be construed—

[(A) as a limitation on the authority of any State to adopt a State organization structure for postsecondary education agencies, or programs, or institutions of higher education as appropriate to the needs, traditions, and circumstances of that State;

[(B) as a limitation on the authority of a State entering into an agreement pursuant to this subpart to modify the State organizational structure at any time subsequent to entering into such agreement;

[(C) as a limitation on the authority of any State to enter into an agreement for purposes of this subpart as a member of a consortium of States;

[(D) as an authorization for the Secretary to withhold funds from any State or postsecondary institution on the basis of compliance with a State's constitution or laws;

[(E) as an authorization for any State postsecondary review entity to exercise planning, policy, coordinating, supervisory, budgeting, or administrative powers over any postsecondary institution; or

[(F) as a limitation on the use of State audits for the purpose of compliance with applicable standards under section 494C(d).

[(5) Nothing in this subpart shall be construed to limit the authority or activities of any State loan insurance program established under section 428(b) of this title or of any relevant State licensing authority which grants approval for institutions of higher education to operate within a State or their authority to contact the Secretary directly.

[(6) Notwithstanding the provisions of paragraphs (2), (3), and (4) of this subsection, the Secretary may require each State to designate an entity responsible for the conduct or coordination of the review of institutions under this title.

[(b) CONTENTS OF AGREEMENTS.—Agreements between each State and the Secretary shall contain the following elements:

[(1) A designation of a single State postsecondary review entity, which represents all entities of that State which are responsible for—

[(A) granting State authorization to each institution of higher education in that State for the purposes of this title, and

[(B) ensuring that each institution of higher education in that State remains in compliance with the standards developed pursuant to section 494C.

[(2) Assurances that the State will review institutions of higher education for the purpose of determining eligibility under this title on a schedule to coincide with the dates set by the Secretary to certify or recertify such institutions of higher education as provided in section 481 and subpart 3 of this part.

[(3) Assurances that the appropriate State postsecondary review entity will perform the functions authorized by this subpart and will keep such records and provide such information to the Secretary as may be requested for financial and compliance audits and program evaluation, consistent with the responsibilities of the Secretary.

[(4) A description of the relationship between the State postsecondary review entity designated for the purposes of this subpart and (A) the agency or agencies designated for the purposes of chapter 36 of title 38 of the United States Code, (B) the loan insurance program established under section 428(b) of this title for that State, and (C) the grant agency established under section 415C of this title.

[(5) A plan for performing the functions described in section 494C of this subpart.

[(c) Federal Responsibility.—Notwithstanding any other provision of law, no State shall be required to enter into an agreement with the Secretary under this subpart for performing the review functions required by such agreement unless the Congress appropriates funds for this subpart

[SEC. 494B. FEDERAL REIMBURSEMENT OF STATE POSTSECONDARY REVIEW COSTS.

[(a) Payments.—Subject to subsection (b), the Secretary shall reimburse the States for the costs of performing the functions required by agreements with the Secretary authorized under this subpart. Such costs shall include expenses for providing initial and continuing training to State personnel and other personnel in the State, including personnel at institutions of higher education subject to review, to serve the purposes of this subpart. Reimbursement shall be provided for necessary activities which supplement, but do not supplant, existing licensing or review functions conducted by the State. The Secretary shall also reimburse such entities for work performed by their subcontractors and consultants where such work has a direct relationship to the requirements of agreements with the Secretary under this subpart.

[(b) Authorization of Appropriations.—For the purpose of enabling the Secretary to make payments to States which have made agreements with the Secretary under this subpart, there is authorized to be appropriated $75,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[SEC. 494C. FUNCTIONS OF STATE REVIEW ENTITIES.

[(a) INITIAL REVIEW.—The Secretary shall review all eligible institutions of higher education in a State to determine if any such institution meets any of the criteria in subsection (b). If any such institution meets one or more of such criteria, the Secretary shall inform the State in which such institution is located that the institution has met such criteria, and the State shall review the institution pursuant to the standards in subsection (d). The Secretary may determine that a State need not review an institution if such institution meets the criterion in subsection (b)(10) only, such institution was previously reviewed by the State under subsection (d), and the State determined in such previous review that the institution did not violate any of the standards in subsection (d). The Secretary shall supply the State with a copy of the institutional audits, required pursuant to section 487(c), for the institutions which shall be reviewed by the State. In addition to those institutions identified by the Secretary, the State may, subject to approval by the Secretary, review additional institutions which meet one or more of the criteria provided in subsection (b), based on more recent data available to the State, or which the State has reason to believe are engaged in fraudulent practices. If the Secretary fails to approve or disapprove a State request to review additional institutions within 21 days, the State may proceed to review such additional institutions as if approved by the Secretary.

[(b) REVIEW CRITERIA.—The criteria for the initial review of institutions of higher education are as follows:

[(1) A cohort default rate (as defined in section 435(m)) equal to or greater than 25 percent.

[(2) A cohort default rate (as defined in such section) equal to or greater than 20 percent and either—

[(A) more than two-thirds of the institution's total undergraduates who are enrolled on at least a half-time basis receive assistance under this title (except subparts 4 and 6 of part A); or

[(B) two-thirds or more of the institution's education and general expenditures are derived from funds provided to students enrolled at the institution from the programs established under this title (except subparts 4 and 6 of part A and section 428B).

[(3) Two-thirds or more of the institution's education and general expenditures are derived from funds provided to students enrolled at the institution pursuant to subpart 1 of part A of this title.

[(4) A limitation, suspension, or termination action by the Secretary against the institution pursuant to section 487 during the preceding 5 years.

[(5) An audit finding during the 2 most recent audits of an institution of higher education's conduct of the programs established by this title that resulted in the repayment by the institution of amounts greater than 5 percent of the funds such institution received from the programs assisted under this title for any one year.

[(6) A citation of an institution by the Secretary for failure to submit audits required by this title in a timely fashion.

[(7) A year-to-year fluctuation of more than 25 percent in the amounts received by students enrolled at the institution from either Federal Pell Grant, Federal Stafford Loan, or Federal Supplemental Loans to Students programs, which are not accounted for by changes in these programs.

[(8) Failure to meet financial responsibility standards pursuant to subpart 3 of this part.

[(9) A change of ownership of the institution that results in a change of control which includes (but is not limited to)—

[(A) the sale of the institution or the majority of its assets;

[(B) the division of 1 or more institutions into 2 or more institutions;

[(C) the transfer of the controlling interest in stock of the institution or its parent corporation;

[(D) the transfer of the controlling interest of stock of the institution to its parent corporation; or

[(E) the transfer of the liabilities of the institution to its parent corporation.

[(10) Except with regard to any public institution that is affiliated with a State system of higher education, participation in any of the programs established pursuant to subparts 1 and 3 of part A, part B, part C, and part E of this title for less than 5 years.

[(11) A pattern of student complaints pursuant to subsection (j) related to the management or conduct of the programs established by this title or relating to misleading or inappropriate advertising and promotion of the institution's program, which in the judgment of the Secretary are sufficient to justify review of the institution.

[(c) USE OF RECENT DATA.—The criteria provided for in subsection (b) shall be measured on the basis of the most recent data available to the Secretary. Institutions may request verification of the data used by the Secretary.

[(d) REVIEW STANDARDS.—Institutions which meet 1 or more of the criteria in subsection (b) shall be reviewed by the appropriate State entity in accordance with published State standards that are consistent with the constitution and laws of the State, developed in consultation with the institutions in the State, and subject to disapproval by the Secretary. Such review shall determine the following:

[(1) The availability to students and prospective students of catalogs, admissions requirements, course outlines, schedules of tuition and fees, policies regarding course cancellations, and the rules and regulations of the institution relating to students and the accuracy of such catalogs and course outlines in reflecting the courses and programs offered by the institution.

[(2) Assurance that the institution has a method to assess a student's ability to successfully complete the course of study for which he or she has applied.

[(3) Assurance that the institution maintains and enforces standards relating to academic progress and maintains adequate student and other records.

[(4) Compliance by the institution with relevant safety and health standards, such as fire, building, and sanitation codes.

[(5) The financial and administrative capacity of the institution as appropriate to a specified scale of operations and the maintenance of adequate financial and other information necessary to determine the financial and administrative capacity of the institution.

[(6) For institutions financially at risk, the adequacy of provisions to provide for the instruction of students and to provide for the retention and accessibility of academic and financial aid records of students in the event the institution closes.

[(7) If the stated objectives of the courses or programs of the institution are to prepare students for employment, the relationship of the tuition and fees to the remuneration that can be reasonably expected by students who complete the course or program and the relationship of the courses or programs (including the appropriateness of the length of such courses) to providing the student with quality training and useful employment in recognized occupations in the State.

[(8) Availability to students of relevant information by institutions of higher education, including—

[(A) information relating to market and job availability for students in occupational, professional, and vocational programs; and

[(B) information regarding the relationship of courses to specific standards necessary for State licensure in specific occupations.

[(9) The appropriateness of the number of credit or clock hours required for the completion of programs or of the length of 600-hour courses.

[(10) Assessing the actions of any owner, shareholder, or person exercising control over the educational institution which may adversely affect eligibility for programs under this title.

[(11) The adequacy of procedures for investigation and resolution of student complaints.

[(12) The appropriateness of advertising and promotion and student recruitment practices.

[(13) That the institution has a fair and equitable refund policy to protect students.

[(14) The success of the program at the institution, including—

[(A) the rates of the institution's students' program completion and graduation, taking into account the length of the program at the institution and the selectivity of the institution's admissions policies;

[(B) the withdrawal rates of the institution's students;

[(C) with respect to vocational and professional programs, the rates of placement of the institution's graduates in occupations related to their course of study;

[(D) where appropriate, the rate at which the institution's graduates pass licensure examinations; and

[(E) the variety of student completion goals, including transfer to another institution of higher education, full-time employment in the field of study, and military service.

[(15) With respect to an institution which meets 1 or more of the criteria in subsection (b), the State shall contract with the appropriate approved accrediting agency or association (described in subpart 2 of this part) or another peer review system with demonstrated competence in assessing programs (pursuant to the authority contained in subsection (f)) to carry out a review or provide information regarding such agency's or association's assessment of the following: The quality and content of the institution's courses or programs of instruction, training, or study in relation to achieving the stated objectives for which the courses or programs are offered, including the adequacy of the space, equipment, instructional materials, staff, and student support services (including student orientation, counseling, and advisement) for providing education and training that meets such stated objectives.

[(e) SUBSTITUTIONS PROHIBITED.—The appropriate State postsecondary review entity may not substitute either (1) accreditation by a private accrediting agency or body, or (2) compliance audits performed by a State guaranty agency established under section 428(b) of this title, for State review of compliance with the standards in subsection (d).

[(f) STATE CONTRACTS.—If the appropriate State postsecondary review entity contracts with a private agency or body or an accreditation body or peer review system for assistance in performing State postsecondary review entity functions, such contract shall be provided for in the agreement with the Secretary required by section 494A.

[(g) PROHIBITION ON UNRELATED REQUIREMENTS.—Notwithstanding any of the provisions of this subpart, the Secretary shall not require a State to establish standards that are unrelated to ensuring institutional or program integrity or that violate the provisions of a State's constitution or laws.

[(h) INSTITUTIONAL ELIGIBILITY.—A State postsecondary review entity may determine that an institution of higher education shall not be eligible to participate in programs under this title based on its own findings or the findings of a Federal entity in accordance with the following procedures:

[(1) STATE FINDINGS.—If the appropriate State postsecondary review entity finds that an institution of higher education does not meet one or more of the standards in subsection (d) of this section, such State postsecondary review entity shall notify the Secretary of its findings and the actions that such entity is taking, or has taken, in response to such findings within a time period prescribed by the Secretary by regulation. If a State postsecondary review entity determines an institution of higher education shall not be eligible for participation in programs under this title, such State postsecondary review entity shall so notify the Secretary. Upon receipt of such notification of ineligibility, the Secretary shall immediately terminate the participation of such institutions in the programs authorized by this title.

[(2) SECRETARY'S FINDINGS.—If the Secretary or any other Federal entity takes, or plans to take, any action against any institution of higher education (including any actions taken under section 487), the Secretary shall notify the appropriate State postsecondary review entity (or entities, in the case of multi-State institutions) of such action within a time period prescribed in the Secretary's regulations.

[(3) PROCEDURAL PROTECTIONS FOR DISAPPROVAL.—The Secretary shall, by regulation, prescribe minimum procedural standards for the disapproval of institutions of higher education by the appropriate State postsecondary review entity or entities for purposes of this title.

[(i) LIMIT ON STATE POSTSECONDARY REVIEW AGENCY FUNCTIONS.—The functions of State postsecondary review entity shall not include performing financial and compliance audits as may be required under section 428 or 487 of this Act.

[(j) CONSUMER COMPLAINTS.—A State, in consultation with the institutions of higher education in the State, shall establish and publicize the availability of procedures for receiving and responding to complaints from students, faculty, and others about institutions of higher education and shall keep records of such complaints in order to determine their frequency and nature for specific institutions of higher education.

[(k) ENFORCEMENT MECHANISMS.—Nothing in this subpart shall restrict the authority of the States to establish mechanisms to enforce the standards established under subsection (d) or require the States to establish specific mechanisms recommended by the Secretary.]

Subpart [2] *1*—Accrediting Agency [Approval] *Recognition*

SEC. 496. [APPROVAL] *RECOGNITION* OF ACCREDITING AGENCY OR ASSOCIATION.

(a) [STANDARDS] *CRITERIA* REQUIRED.—No accrediting agency or association may be determined by the Secretary to be a reliable authority as to the quality of education or training offered for the purposes of this Act or for other Federal purposes, unless the agency or association meets [standards] *criteria* established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish [standards] *criteria* for such determinations. Such [standards] *criteria* shall include an appropriate measure or measures of student achievement. Such [standards] *criteria* shall require that—

(1) * * *

* * * * * * *

(4) such agency or association consistently applies and enforces [standards] *criteria* that ensure that the courses or programs of instruction, training, or study at the institution of higher education are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered;

(5) the [standards of accreditation] *criteria for accreditation* of the agency or association assess *the quality (including the quality of distance learning programs or courses) of* the institution's—

(A) * * *

* * * * * * *

(G) [program length and tuition and fees in relation to the subject matters taught] *measures of program length* and the objectives of the degrees or credentials offered;

* * * * * * *

[(J) default rates in the student loan programs under title IV of this Act, based on the most recent data provided by the Secretary;]

[(K)] *(J)* record of student complaints received by, or available to, the agency or association; [and]

[(L)] *(K)* compliance with its program responsibilities under title IV of this Act, including *the most recent student loan default rate data provided by the Secretary and* any results of financial or compliance audits, program reviews, and such other information as the Secretary may provide to the agency or association; *and*

(L) refund policy;

except that subparagraphs (G), (H), (I), [(J), and (L)] *(K) and (L)* shall not apply to agencies or associations described in paragraph (2)(A)(ii) of this subsection;

* * * * * * *

(7) such agency or association shall notify the Secretary and the appropriate [State postsecondary review entity] *State licensing or authorizing agency* within 30 days of the accreditation of an institution or any final denial, withdrawal, suspension, or termination of accreditation or placement on probation of an institution, together with any other adverse action taken with respect to an institution; and

(8) such agency or association shall make available to the public, upon request, and to the Secretary, and the [State postsecondary review entity of the State in which the institution of higher education is located] *State licensing or authorizing agency* a summary of any review resulting in a final accrediting decision involving denial, termination, or suspension of accreditation, together with the comments of the affected institution.

* * * * * * *

(c) OPERATING PROCEDURES REQUIRED.—No accrediting agency or association may be [approved by the Secretary] *recognized by the Secretary* as a reliable authority as to the quality of education or training offered by an institution seeking to participate in the programs authorized under this title, unless the agency or association—

(1) performs, at regularly established intervals, on-site inspections and reviews of institutions of higher education [(at least one of which inspections at each institution that provides vocational education and training shall be unannounced),]

(which may include unannounced site visits) with particular focus on educational quality and program effectiveness, and ensures that accreditation team members are well-trained and knowledgeable with respect to their responsibilities;

* * * * * * *

(3) agrees to conduct, as soon as practicable, but within a period of not more than 6 months of the establishment of a new branch campus or a change of ownership of an institution of higher education, an on-site visit of that branch campus or of the institution after a change of ownership, *except that new sites offered through telecommunications for programs previously included in the scope of accreditation approval need not be subject to such on-site visits*;

* * * * * * *

(d) LENGTH OF [APPROVAL] *RECOGNITION*.—No accrediting agency or association may be [approved] *recognized* by the Secretary for the purpose of this Act for a period of more than 5 years.

* * * * * * *

(f) JURISDICTION.—Notwithstanding any other provision of law, any civil action brought by an institution of higher education seeking accreditation from, or accredited by, an accrediting agency or association [approved] *recognized* by the Secretary for the purpose of this title and involving the denial, withdrawal, or termination of accreditation of the institution of higher education, shall be brought in the appropriate United States district court.

(g) LIMITATION ON SCOPE OF [STANDARDS] *CRITERIA*.—Nothing in this Act shall be construed to permit the Secretary to establish [standards] *criteria* for accrediting agencies or associations that are not required by this section. Nothing in this Act shall be construed to prohibit or limit any accrediting agency or association from adopting additional standards not provided for in this section.

* * * * * * *

(j) IMPACT OF LOSS OF ACCREDITATION.—An institution may not be certified or recertified as an institution of higher education under section [481] *101(a)(2)* and subpart [3] *2* of this part or participate in any of the other programs authorized by this Act if such institution—

(1) * * *

* * * * * * *

(k) RELIGIOUS INSTITUTION RULE.—Notwithstanding subsection (j), the Secretary shall allow an institution that has had its accreditation withdrawn, revoked, or otherwise terminated, or has voluntarily withdrawn from an accreditation agency, to remain certified as an institution of higher education under section [481] *101(a)(2)* and subpart [3] *2* of this part for a period sufficient to allow such institution to obtain alternative accreditation, if the Secretary determines that the reason for the withdrawal, revocation, or termination—

(1) is related to the religious mission or affiliation of the institution; and

(2) is not related to the accreditation [standards] *criteria* provided for in this section.

(l) LIMITATION, SUSPENSION OR TERMINATION OF [APPROVAL] *RECOGNITION*.—(1) The Secretary shall limit, suspend, or terminate the [approval] *recognition* of an accrediting agency or association if the Secretary determines, after notice and opportunity for a hearing, that the accrediting agency or association has failed to apply effectively [the] *its* standards or operate according to the procedures provided in this section.

(2) The Secretary may determine that an accrediting agency or association has failed to apply effectively [the] *its* standards provided in this section if an institution of higher education seeks and receives accreditation from the accrediting agency or association during any period in which the institution is the subject of any interim action by another accrediting agency or association, described in paragraph (2)(A)(i), (2)(B), or (2)(C) of subsection (a) of this section, leading to the suspension, revocation, or termination of accreditation or the institution has been notified of the threatened loss of accreditation, and the due process procedures required by such suspension, revocation, termination, or threatened loss have not been completed.

* * * * * * *

(n) INDEPENDENT EVALUATION.—(1) The Secretary shall conduct a comprehensive review and evaluation of the performance of all accrediting agencies or associations which seek recognition by the Secretary in order to determine whether such accrediting agencies or associations meet the [standards] *criteria* established by this section. The Secretary shall conduct an independent evaluation of the information provided by such agency or association. Such evaluation shall include—

(A) * * *

* * * * * * *

(3) The Secretary shall consider all available relevant information concerning the compliance of the accrediting agency or association with the [standards] *criteria* provided for in this section, including any complaints or legal actions against such agency or association. In cases where deficiencies in the performance of an accreditation agency or association with respect to the requirements of this section are noted, the Secretary shall take these deficiencies into account in the [approval] *recognition* process. The Secretary shall not, under any circumstances, base decisions on the [approval or disapproval] *recognition or denial of recognition* of accreditation agencies or associations on [standards] *criteria* other than those contained in this section.

[(4) The Secretary shall maintain sufficient documentation to support the conclusions reached in the approval process, and, upon disapproval of any accreditation agency or association, shall make publicly available the reason for such disapproval, including reference to the specific standards under this section which have not been fulfilled.]

(4) The Secretary shall maintain sufficient documentation to support the conclusions reached in the recognition process, and, if the Secretary does not recognize any accreditation agency or association,

shall make publicly available the reason for denying recognition, including reference to the specific criteria under this section which have not been fulfilled.

* * * * * * *

Subpart [3] 2—Eligibility and Certification Procedures

SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) * * *

(b) SINGLE APPLICATION FORM.—The Secretary shall prepare and prescribe a single application form which—

(1) requires sufficient information and documentation to determine that the requirements of eligibility, [accreditation, and capability] *accreditation, financial responsibility, and administrative capacity* of the institution of higher education are met;

* * * * * * *

(c) FINANCIAL RESPONSIBILITY STANDARDS.—(1) The Secretary shall determine whether an institution has the financial responsibility required by this title on the basis of whether the institution [is able] *has sufficient resources to ensure against the precipitous closure of the institution and is able—*

(A) * * *

* * * * * * *

(2) Notwithstanding paragraph (1), if an institution fails to meet criteria prescribed by the Secretary with respect to [operating losses, net worth, asset-to-liabilities ratios, or operating fund deficits] *to ratios that demonstrate financial responsibility,* then the institution shall provide the Secretary with satisfactory evidence of its financial responsibility in accordance with paragraph (3). Such criteria shall take into account any differences in generally accepted accounting principles, and the financial statements required thereunder, that are applicable to for profit, *public,* and nonprofit institutions. The Secretary shall take into account an institution's total financial circumstances in making a determination of its ability to meet the standards herein required, *and develop an appropriate and cost effective process under this subpart that does not duplicate other reporting requirements for assessing and reviewing financial responsibility.*

* * * * * * *

(4) If an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree fails to meet the [ratio of current assets to current liabilities] *criteria* imposed by the Secretary pursuant to paragraph (2), the Secretary shall waive that particular requirement for that institution if the institution demonstrates to the satisfaction of the Secretary that—

(A) * * *

* * * * * * *

(C) it has substantial equity in school-occupied facilities, the acquisition of which was the direct cause of its failure to meet the [current operating ratio requirement] *criteria imposed by the Secretary pursuant to paragraph (2).*

*   *   *   *   *   *   *

(d) ADMINISTRATIVE CAPACITY STANDARD.—The Secretary is authorized—

(1) to establish procedures and requirements relating to the administrative capacities of institutions of higher education, including—

(A) consideration of past performance of institutions or persons in control of such institutions with respect to [student aid programs; and] *student financial assistance under this title;*

(B) written procedures for, or written information relating to, each office with respect to, the approval, disbursement, and delivery of student financial assistance under this title;

(C)(i) a division of functions for authorizing payments of student financial assistance under this title and the disbursement or delivery of such assistance, so that no office at the institution has responsibility for both functions; and

(ii) an adequate system of checks and balances for internal control at the institution with respect to student financial assistance under this title; and

[(B)] *(D)* maintenance of records;

*   *   *   *   *   *   *

(f) ACTIONS ON APPLICATIONS; SITE VISITS AND FEES.—The Secretary shall ensure that prompt action is taken by the Department on any application required under subsection (b). The personnel of the Department of Education [shall] *may* conduct a site visit at each institution before certifying or recertifying its eligibility for purposes of any program under this title. The Secretary [may] *shall* establish priorities by which institutions are to receive site visits, and [may coordinate] *shall, to the extent practicable, coordinate* such visits with site visits by States, guaranty agencies, and accrediting bodies in order to eliminate duplication, and reduce administrative burden. The Secretary may charge reasonable fees to cover the expenses of certification and site visits and, to the extent permitted by appropriations Acts, may retain such fees to cover such expenses. *The Secretary may exempt from the site visit requirement any institution that is participating in the Quality Assurance Program established under section 487A at the time such site visit would be required under this subsection.*

[(g) TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.—(1) The eligibility for the purposes of any program authorized under this title of any institution that is participating in any such program on the date of enactment of the Higher Education Amendments of 1992 shall expire in accordance with the schedule prescribed by the Secretary in accordance with paragraph (2), but not later than 5 years after such date of enactment.

[(2) The Secretary shall establish a schedule for the expiration of the eligibility for purposes of any such program of all institutions of higher education within the 5-year period specified in paragraph (1). Such schedule shall place a priority for the expiration of the certification of institutions on those that meet the following criteria:

[(A) institutions subject to review by a State postsecondary review entity pursuant to subpart 1 of part H; or

[(B) other categories of institutions which the Secretary deems necessary.

[(3) After the expiration of the certification of any institution under the schedule prescribed under this subsection, or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 4 years.]

(g) TIME LIMITATIONS.—(1) After the expiration of the certification of any institution or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 6 years.

(2) The Secretary shall notify each institution of the expiration of its eligibility no later than six months prior to such expiration.

(h) PROVISIONAL CERTIFICATION OF INSTITUTIONAL ELIGIBILITY.—(1) * * *

(2) Whenever the Secretary withdraws the [approval] *recognition* of any accrediting agency, an institution of higher education which meets the requirements of accreditation, eligibility, and certification on the day prior to such withdrawal, the Secretary may, notwithstanding the withdrawal, continue the eligibility of the institution of higher education to participate in the programs authorized by this title for a period not to exceed 18 months from the date of the withdrawal of approval.

* * * * * * *

(i) TREATMENT OF CHANGES OF OWNERSHIP.—(1) An eligible institution of higher education that has had a change in ownership resulting in a change of control shall not qualify to participate in programs under this title after the change in control (except as provided in paragraph (3)) unless it establishes that it meets the requirements of [section 481 (other than the requirements in subsections (b)(5) and (c)(3))] *section 101(a) (other than the requirements in paragraphs (3)(A)(v) and (4)(A)(iii))* and this section after such change in control.

* * * * * * *

(4)(A) The Secretary may provisionally certify an institution seeking approval of a change in ownership based on the preliminary review by the Secretary of a materially complete application that is received by the Secretary within 10 business days of the transaction for which the approval is sought.

(B) A provisional certification under this paragraph shall expire no later than the end of the month following the month in which the transaction occurred, except that if the Secretary has not issued a decision on the application for the change of ownership within that period, the Secretary may continue such provisional certification on a month-to-month basis until such decision has been issued.

(j) TREATMENT OF BRANCHES.—(1) A branch of an eligible institution of higher education, as defined pursuant to regulations of the Secretary, shall be certified under this subpart before it may participate as part of such institution in a program under this title, except that such branch shall not be required to meet the requirements of [sections 481(b)(5) and 481(c)(3)] *paragraphs (3)(A)(v) and (4)(A)(iii) of section 101(a)* prior to seeking such certification. Such branch is required to be in existence at least 2 years prior to seeking certification as a main campus or free-standing institution.

(2) The Secretary may waive the requirement of section [1201(a)(2)] *101(a)(2)* for a branch that (A) is not located in a State, (B) is affiliated with an eligible institution, and (C) was participating in one or more programs under this title on or before January 1, 1992.

SEC. 498A. PROGRAM REVIEW AND DATA.

(a) GENERAL AUTHORITY.—In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary—

(1) * * *

(2) [may] *shall* give priority for program review to institutions of higher education that are—

(A) * * *

* * * * * * *

(C) institutions with a significant fluctuation in Federal Stafford Loan volume or Federal Pell Grant awards, or both, in the year for which the determination is made compared to the year prior to such year, *that are not accounted for by changes in those programs*;

(D) institutions reported to have deficiencies or financial aid problems by [the appropriate State postsecondary review entity designated under subpart 1 of this part] *the State licensing or authorizing agency* or by the appropriate accrediting agency or association;

(E) institutions with high annual dropout rates;

[(F) any institution which is required to be reviewed by a State postsecondary review entity pursuant to subpart 1 of part H under section 494C(b); and]

[(G)] *(F)* such other institutions as the Secretary deems necessary; and

(3) shall establish and operate a central data base of information on institutional accreditation, eligibility, and certification that includes—

(A) all *relevant* information available to the Department;

* * * * * * *

[(b) SPECIAL ADMINISTRATIVE RULES.—(1) In carrying out paragraphs (1) and (2) of subsection (a), the Secretary shall establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education.

[(2) The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.]

(b) SPECIAL ADMINISTRATIVE RULES.—(1) In carrying out paragraphs (1) and (2) of subsection (a), the Secretary shall—

(A) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions; and

(B) inform the appropriate State agency and accrediting agency or association whenever taking action against an institution under this section, section 498, or section 432.

(2) The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations. In conducting such review, the Secretary shall consult with relevant representatives of institutions participating in the programs authorized by this title.

* * * * * * *

[TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

[SEC. 500. FINDINGS AND PURPOSES.

[(a) FINDINGS.—The Congress finds that—

[(1) teachers in the classroom are the men and women who must play an integral role in leading our Nation's schools into the 21st century;

[(2) we should encourage individuals to enter the education profession so that our teaching force is representative both of the diversity of our Nation and of the tremendous talents and skills of our citizens;

[(3) the methods used to prepare prospective teachers and the continuing education and support provided to practicing teachers have a significant influence on the effectiveness of classroom teachers;

[(4) the postsecondary education of education professionals has not been linked to local, State and national goals and standards;

[(5) the inservice and continuing professional development of educators has not promoted systematic and sustained improvement of the education system;

[(6) State educational agencies have not been funded and staffed adequately to carry out a mission of supporting a process to achieve local, State, or national goals and standards;

[(7) in order to encourage more women and underrepresented minorities to enter the fields of science and mathematics and succeed in these fields, we must provide proper training for existing mathematics and science teachers and recruit women and underrepresented minorities as teachers in these fields;

[(8) educators must have the expertise and the support that allow them to adapt to the changing environment in our schools and to the evolving skills required of our schools' graduates; and

[(9) the Federal Government plays an essential role in providing support to educator training and professional development that will enable teachers to be classroom leaders and administrators to be school leaders at the forefront of reforming our Nation's schools.

[(b) PURPOSE.—It is the purpose of this title—

[(1) to provide assistance to our Nation's teaching force for the continued improvement of their professional skills;

[(2) to provide assistance for professional development activities enabling teachers, school administrators, and institutions of higher education to work collaboratively to improve educational performance through school reform and restructuring;

[(3) to address the Nation's teacher shortage, particularly in areas where there are heavy concentrations of low-income students, by encouraging talented persons, including the individuals already employed as school paraprofessionals and individuals who have been employed in other areas of endeavor, to enter the teaching profession;

[(4) to encourage academically qualified students to become teachers through scholarship assistance;

[(5) to support the recruitment of underrepresented populations into teaching careers;

[(6) to provide scholarship assistance to encourage women and minorities who are underrepresented in the fields of science and mathematics to enter the teaching profession in these fields;

[(7) to encourage the establishment and maintenance of programs that provide professional teacher preparation to individuals who are moving to careers in education from other occupations;

[(8) to promote partnerships between institutions of higher education and local educational agencies for the purpose of promoting the simultaneous restructuring and renewal of elementary and secondary schools and college-based teacher education programs;

[(9) to improve the leadership and administrative skills of elementary and secondary school administrators;

[(10) to provide assistance to schools of education in institutions of higher education in order to reform teacher education programs by encouraging new developments in teacher preparation which provide for greater integration of subject matter and pedagogical training and which prepare classroom teachers to effectively meet changing noneducational challenges in the schools; and

[(11) to promote high quality child development and early childhood education specialist training programs, including preschool and early intervention services for infants and toddlers with disabilities.

[PART A—STATE AND LOCAL PROGRAMS FOR TEACHER EXCELLENCE

[SEC. 501. AUTHORITY AND ALLOCATION OF FUNDS; DEFINITIONS.

[(a) PURPOSE AND AUTHORITY.—

[(1) PURPOSE.—It is the purpose of this part to provide funds to State educational agencies, local educational agencies and institutions of higher education in order to update and improve the skills of classroom teachers, including preschool and early childhood education specialists and school administrators, to establish State academies for teachers and school leaders, and to provide for a comprehensive examination of State requirements for teacher preservice and certification.

[(2) PROGRAM AUTHORIZED.—The Secretary is authorized to make allotments to State educational agencies for the purposes of enhancing and improving the quality of teaching, including early childhood education, in each of the several States.

[(b) ALLOTMENT OF FUNDS.—

[(1) IN GENERAL.—From the funds appropriated in each fiscal year pursuant to section 510A, the Secretary shall allot to each State—

[(A) 50 percent of such funds on the basis of the number of individuals in the State aged 5 through 17 compared to the number of all such individuals in all States; and

[(B) 50 percent of such funds on the basis of the amount the State receives under sections 1005 and 1006 of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 compared to the total amount that all States receive under such sections.

[(2) ALLOCATIONS FROM STATE ALLOTMENTS.—

[(A)(i) Except as provided in subsection (c), from the amount allotted to each State in each fiscal year pursuant to paragraph (1) and not reserved pursuant to subparagraph (B)(i), the State education agency shall allocate 50 percent of such amount in accordance with clause (ii) to local eduational agencies to carry out the activities described in section 503.

[(ii) The State educational agency shall allocate 50 percent of the amount allotted to the State in each fiscal year under paragraph (1) so that—

[(I) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the enrollments in public schools within the State; and

[(II) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the State's allocation of funds under sections 1005 and 1006 of the Elementary and Secondary Education Act of 1965,

except that any local educational agency that would receive an allocation of less than $10,000 shall be required to form a consortium with at least one other local educational agency in order to receive an allocation under this part. In making allocations under this part, the State educational agency shall use the most recent data available.

[(B)(i) From the amount allotted to each State in each fiscal year pursuant to paragraph (1) the State educational agency shall reserve not more than 3 percent of such funds for the purposes of administering the program under this title, including evaluation and dissemination activities.

[(ii) From the amount allotted to each State in each fiscal year under paragraph (1) and not reserved pursuant to clause (i), the State educational agency—

[(I) shall reserve not more than 25 percent of such funds to carry out sections 504, 505, and 506; and

[(II) shall reserve not more than 25 percent of such funds to award grants to institutions of higher education in accordance with sections 507 and 508.

[(c) SPECIAL RULE.—Notwithstanding the provisions of subsection (b)(2)(A), if the amount appropriated to carry out this part for any fiscal year is less than $250,000,000, then each State educational agency shall use 50 percent of the amount allotted to such State under paragraph (1) and not reserved pursuant to subsection (b)(2)(B)(i) to award grants to local educational agencies on a competitive basis.

[(d) REALLOTMENT.—If a State or local educational agency elects not to receive assistance under this part in any fiscal year or the Secretary determines in any fiscal year that a State or local educational agency will not be able to use all or any portion of the funds available to such State or local educational agency under this part, then the Secretary shall reallot such funds. The Secretary shall reallot such funds in such fiscal year in accordance with the provisions of this part among the States or local educational agencies who are eligible for assistance under this part and are not described in the preceding sentence.

[(e) DEFINITIONS.—For purposes of this part—

[(1) the term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the Republic of Palau (until the Compact of Free Association takes effect pursuant to section 101(a) of Public Law 99-658); and

[(2) the term "key academic subjects" means English, mathematics, science, history, geography, foreign languages, civics and government, and economics.

[SEC. 502. STATE APPLICATION.

[(a) IN GENERAL.—Any State which desires to receive an allotment under this part shall submit to the Secretary an application which—

[(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this part;

[(2) provides for a process of active discussion and consultation with a committee, convened by the chief State school officer, which is broadly representative of the following educational interests within the State, including—

[(A) a representative nominated by each of the following:

[(i) the State teacher organizations;

[(ii) the organizations representing preschool and early childhood education specialists;

[(iii) the State school administrators organization;

[(iv) the State parents organizations;

[(v) the State business organizations; and [(vi) the State student organizations;

[(B) a representative from the State board of education;

[(C) a representative of faculty from departments, schools or colleges of educations;

[(D) other representatives of institutions of higher education, including community colleges;

[(E) the State director of vocational education; and

[(F) the State director of special education;

[(3) describes the competitive process that the State will use to distribute funds among local educational agencies pursuant to section 501(c);

[(4) describes the process the State will use to conduct the assessment required by section 504(c);

[(5) describes how the State will allocate funds among activities required under section 504;

[(6) with respect to the State academies to be established under sections 505 and 506—

[(A) describes the academies to be established under this part and the goals and objectives for each such academy;

[(B) describes how the academies assisted under this part shall relate to the overall plan for the attainment of the national education goals by the State;

[(C) describes the competitive process that shall be used to select applicants to operate the academies assisted under this part;

[(D) assures that the Academies for Teachers shall provide instruction in the key academic subjects;

[(E) assures that the State shall continue to operate the academies assisted under this part when Federal funds provided pursuant to this title are no longer available;

[(F) assures that Federal funds provided under this part shall not be used for construction of new facilities or substantial remodeling;

[(G) assures that the Academies for Teachers shall provide activities designed to enhance the ability of teachers to work with special educational populations, including—

[(i) limited-English proficient children;

[(ii) children with disabilities;

[(iii) economically and educationally disadvantaged children; and

[(iv) gifted and talented children; and

[(H) contains such other assurances and information as the Secretary may reasonably require;

[(7) describes the competitive process that the State will use to distribute funds among institutions of higher education pursuant to section 507;

[(8) describes a plan to promote learning among the State educational agency staff in order to support and facilitate systemic improvement of the State educational agency, schools or colleges of education at institutions of higher education, and local educational agencies; and

[(9) includes such other information and assurances as the Secretary may require.

[(b) Functions of Committee.—The application required by subsection (a) shall identify the procedures by which the committee required by paragraph (2) of such subsection will be engaged in—

[(1) ensuring that activities assisted under this part are effective, coordinated with other State, local, and Federal activities and programs, and meet the needs of the State for improving the quality of teaching and teacher education programs, including those programs concerned with preschool education and the training of early childhood education specialists, and school leadership programs;

[(2) advising the State on criteria for awarding funds under sections 501(c), 505, 506, and 507; and

[(3) advising the State on criteria for approving local educational agency applications under section 503(a).

[(c) Evaluation and Report.—

[(1) Report to secretary.—Each State educational agency receiving an allotment under this part shall evaluate the work of each academy that is located in the State and assisted under this part every 2 years, including the impact of each academy's programs on participants, and report the findings of such evaluation to the Secretary. The initial report shall be submitted 3 years after funds are first allotted to such State educational agency under section 501 and subsequent reports shall be submitted every 2 years thereafter. Such report shall also describe the characteristics of the participants and activities provided at each academy assisted under this part.

[(2) Report to congress.—The Secretary shall submit to the Congress a summary of the reports required under subsection (a). The initial summary shall be submitted 60 days after the due date of the first report described in subsection (a) and subsequent summaries shall be submitted every 2 years thereafter.

[SEC. 503. LOCAL APPLICATION AND USE OF FUNDS.

[(a) Local Application.—Any local educational agency which desires to receive assistance under section 501(b)(2)(A) or 501(c) shall submit to the State educational agency an application which—

[(1) describes the needs of such local educational agency with respect to inservice training programs for teachers and preschool and early childhood education specialists pursuant to the assessment conducted under subsection (b)(2)(A), and, if appropriate, describes the need of such local educational agency for teacher recruitment, business partnerships, outreach to military veterans, and the provision of other opportunities for teachers to improve their skills;

[(2) describes the process used to determine such needs, including consultation with teachers, preschool and early childhood specialists, principals, parents, representatives from departments, schools or colleges of education, and others in the community;

[(3) describes the activities such agency intends to conduct with the funds provided under section 501(b)(2)(A) or 501(c) consistent with the provisions of this section in order to improve the quality of teaching within such agency;

[(4) describes the processes and methods used to promote systematic improvement through continual learning in order to achieve agreed upon local, State and National standards; and

[(5) any other information that the State educational agency may reasonably require.

[(b) LOCAL USES OF FUNDS.—

[(1) IN GENERAL.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) shall use such funds for the inservice training of teachers and, if appropriate, for preschool and early childhood education specialists, and may use funds for—

[(A) development of programs to recruit individuals into the teaching profession and the field of early childhood education;

[(B) business partnerships;

[(C) outreach to military veterans; and

[(D) other purposes consistent with improving the quality of teaching in the local educational agency, as approved by the State educational agency.

[(2) INSERVICE TRAINING.—

[(A) In order to receive assistance under section 501(b)(2)(A) or 501(c), a local educational agency or a consortium of local educational agencies shall first assess the needs of such agency or agencies for inservice training.

[(B) Funds expended for inservice training shall be used, in accordance with the assessment conducted under subparagraph (A), for the cost of—

[(i) the expansion and improvement of inservice training and retraining of teachers and other appropriate school personnel, including vocational teachers, special education teachers, and preschool teachers, consistent with the assessment conducted under subparagraph (A);

[(ii) providing funds for grants for individual teachers within the local educational agency to undertake projects to improve their teaching ability or to improve the instructional materials used in their classrooms;

[(iii) activities designed to address the effects of chronic community violence on children, such as violence counseling training for teachers and early childhood specialists, and activities and training aimed at resolving conflicts;

[(iv) activities designed to enhance the ability of teachers to work with culturally diverse students;

[(v) activities designed to integrate academic and vocational education;

[(vi) as appropriate, activities designed to assist teacher participation in a Tech-Prep program under section 344 of the Carl D. Perkins Vocational and Applied Technology Act, in order to develop the skills of such teachers in activities such as organizational development leadership and interdisciplinary curricula development; and [(vii) other activities consistent with the goals of this part as approved by the State educational agency.

[(C) Such activities may be carried out through agreements with institutions of higher education, nonprofit organizations, public agencies, and museums.

[(D) Activities related to inservice training shall be coordinated with such activities carried out under part A of title II of the Elementary and Secondary Education Act of 1965.

[(3) RECRUITMENT OF TEACHERS.—

[(A) Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance—

[(i) to establish, operate, or expand programs to encourage and recruit interested individuals to pursue a course of study that will lead to a career in education; and

[(ii) to establish, operate, or expand a program where such agency recruits students currently enrolled in a school in the local educational agency to be teachers or early childhood education specialists.

[(B) Activities under this paragraph may include—

[(i) academic and career counseling of and support services for students;

[(ii) programs in which students act as tutors while they are enrolled in schools in the local educational agency;

[(iii) programs in which students enrolled in institutions of higher education and other individuals tutor students within schools in the local educational agency;

[(iv) information and recruitment efforts to attract individuals into the teaching profession; and

[(v) programs to support early childhood education efforts at the preschool and school level.

[(C) In conducting programs under this paragraph, local educational agencies shall place a priority on recruiting students and individuals from minority groups.

[(D) Local educational agencies may conduct programs under this paragraph in consortia with institutions of higher education.

[(4) BUSINESS PARTNERSHIPS.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance to establish partnerships with representatives of the business community to sponsor—

[(A) programs which allow representatives of local business or firms to go into the classroom and work with the classroom teacher to provide instruction in subject areas where the expertise of the teacher could be supplemented, especially in the subject areas of mathematics, science, and vocational and technology education training;

[(B) internship programs which provide an opportunity for classroom teachers to work in local businesses or firms to gain practical experience or to develop new skills or expertise;

[(C) programs which bring students and teachers into business settings to see applications of course work and in specialized areas, and to learn to use advanced technical equipment;

[(D) programs which allow representatives of local businesses and firms to work with school administrators to develop instructional material; and

[(E) other activities appropriate to forming a working relationship between business leaders and classroom leaders.

[(5) OUTREACH TO MILITARY VETERANS.—Local educational agencies receiving assistance under section 501(b)(2)(A) or 501(c) may use such assistance to establish programs to inform United States military veterans of teaching opportunities and to provide assistance in the establishment of teaching opportunities for such veterans by—

[(A) planning and implementing informational and outreach programs leading to the development of programs specifically designed to inform United States military veterans about teaching opportunities and the qualifications necessary for such opportunities;

[(B) planning and implementing programs leading to the creation of teaching opportunities for such veterans;

[(C) supporting programs to assist such veterans to meet the qualifications to become teachers;

[(D) disseminating information on the program described in this paragraph and on sources of student financial assistance available under title IV of this Act and under programs administered by the Department of Veterans Affairs and other Federal agencies; and

[(E) making scholarships available to such military veterans under the same terms and conditions specified in subpart 1 of part C of this title.

[SEC. 504. STATE USES OF FUNDS.

[(a) IN GENERAL.—Each State educational agency receiving funds reserved pursuant to section 501(b)(2)(B)(ii)(I) shall use such funds—

[(1) first, to conduct a study of teacher education programs within such State, as required under subsection (c); and

[(2) secondly, for—

[(A) the establishment of State Academies for Teachers under section 505;

[(B) the establishment of State Academies for School Leaders under section 506; and

[(C) activities directly related to the implementation of the teacher education study required under subsection (c).

[(b) SPECIAL RULE.—If a State educational agency can demonstrate that the amount of funds reserved pursuant to section 501(b)(2)(B)(ii)(I) is insufficient to establish one State academy, then the State educational agency shall distribute such funds to local educational agencies in accordance with section 501(b)(2)(A) or 501(c) to carry out the activities described in section 503(b).

[(c) TEACHER EDUCATION STUDY.—

[(1) STUDY REQUIRED.—Each State educational agency receiving funds under this part shall, in consultation with institutions of higher education, local educational agencies, teachers, parents, the State legislature, the State board of education, and business, undertake a study of—

[(A) teacher education programs and State teacher professional development requirements, including programs and requirements intended to train preschool and early childhood education specialists; and

[(B) the State laws and regulations relating to such programs and requirements, including any standards or requirements for certification and licensure,

in order to determine if such programs and requirements are adequately preparing teachers to effectively educate students.

[(2) CONSIDERATIONS.—Such study shall consider whether such programs or requirements—

[(A) would be improved if teacher education programs were required to coordinate courses with other departments on campus in order to provide prospective teachers with a strong background in their subject matter;

[(B) integrate academic and vocational education instruction;

[(C) give enough flexibility in order to allow experimentation and innovation;

[(D) would be improved if such programs provided preparation for students desiring to become teachers, but who are pursuing a bachelor's degree in an area of study other than education;

[(E) would be improved if teacher certification required a bachelor's degree in a subject area and a master's degree in education; and

[(F) would be improved if institutions of higher education that have developed innovative materials and curricula for inservice training were required to incorporate these improvements into their preservice programs.

[(3) DEADLINES.—

[(A) Such study shall be completed by two years from the end of the first fiscal year in which funding was made available for this part. The results of such study shall be reported to the Secretary. In submitting the report to the Secretary, the State educational agency shall include in the report the most successful practices used to enhance the profession of teaching. The Secretary may disseminate such successful practices in order to assist other States in their efforts to enhance the profession of teaching.

[(B) Except as provided in paragraph (4), beginning in the third fiscal year for which funding under this part is available, State educational agencies shall use all funds provided under section 501(b)(2)(B)(ii)(I) which are not allotted for State Academies for Teachers and State Academies for School Leaders—

[(i) to implement the program and policy changes resulting from the findings of such study; and [(ii) to assist schools and programs of education throughout the State in meeting any new requirements that result from such study.

[(C) The State educational agency shall award grants pursuant to section 507(b)(9) to institutions of higher education to implement the programs and policy changes resulting from the findings of such study.

[(4) WAIVER.—If a State demonstrates to the Secretary that it has completed a study comparable to the study required by this subsection within the previous 5 years prior to the fiscal year for which funds are first made available under this part, then the Secretary may waive the requirements of this subsection. States receiving a waiver shall use funds provided under section 501(b)(2)(B)(ii)(I) to implement the program and policy changes resulting from the findings of such study. If the State can demonstrate to the Secretary that such program and policy changes have been implemented, then the State shall use funds provided under section 501(b)(2)(B)(ii)(I) to carry out the activities authorized under sections 505 and 506.

[SEC. 505. STATE ACADEMIES FOR TEACHERS.

[(a) PURPOSE; DEFINITIONS.—

[(1) PURPOSE.—It is the purpose of this section to improve elementary and secondary school teacher subject matter knowledge and teaching skills in each of the key academic subjects by establishing one or more Academies in the key academic subjects in every State.

[(2) DEFINITIONS.—For purposes of this section—

[(A) the term "Academy" means a course of instruction and related activities to increase a teacher's knowledge of a specific subject area, a teacher's ability to impart such knowledge to students, and a teacher's ability to address any other issue described in this section, except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more of such entities.

[(b) APPLICATION REQUIRED.—

[(1) IN GENERAL.—Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State may reasonably require.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall describe—

[(A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

[(B) the curriculum to be used or developed by the Academy;

[(C) steps to be taken to recruit teachers for the Academy's program, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities;

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(iv) other teachers with the potential to serve as mentor teachers;

[(D) steps to be taken to ensure that faculty members teaching at the Academy shall be of exceptional ability and experience, including outreach efforts to identify and attract as faculty members—

[(i) minority group members;

[(ii) individuals with disabilities; and

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students;

[(E) efforts to be undertaken to disseminate information about the Academy;

[(F) selection criteria to be used in identifying teachers to participate in the Academy;

[(G) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge; and

[(H) efforts to be undertaken to evaluate the impact of the Academy on participants.

[(c) USE OF ALLOTTED FUNDS.—

[(1) GRANTS.—Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) to award one or more competitive grants to eligible entities to enable such eligible entities to operate an Academy in accordance with the provisions of this section.

[(2) COORDINATION OF ACTIVITIES.—To the extent practicable, such academies shall coordinate efforts with teacher inservice activities of local educational agencies.

[(3) COMBINATION OF RESOURCES.—Each State educational agency receiving an allotment under this part may combine the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) with such funds reserved by another State educational agency to operate academies assisted under this part on a multistate or regional basis.

[(4) COSTS.—Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (d), which may include reasonable startup and initial operating costs, and costs associated with release time, stipends, travel, and living expenses for teachers who participate in the Academy's program if no other funds are available to pay such costs.

[(d) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) renewal and enhancement of participants' knowledge in key academic subjects;

[(2) skills and strategies to improve academic achievement of students, especially students who are educationally disadvantaged, are limited-English proficient, are drug- or alcohol-exposed, or have disabilities;

[(3) improved teaching and classroom management skills;

[(4) techniques for the integration of academic and vocational subject matter, including the application of such techniques in tech/prep education programs;

[(5) the use of educational technologies in teaching the key academic subjects;

[(6) training needed to participate in curriculum development in a key academic subject;

[(7) training in the development and use of assessment tools;

[(8) review of existing teacher enhancement programs to identify the most promising approaches;

[(9) development of a curriculum for use by the Academy;

[(10) follow-up activities for previous participants;

[(11) dissemination of information about the Academy, including the training curricula developed; and

[(12) any other activities proposed by the applicant and approved by the State educational agency.

[(e) COST SHARING.—Funds received for this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this section, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and may be in cash or in-kind contributions, fairly valued.

[(f) SPECIAL RULES.—

[(1) USES OF FUNDS.—

[(A) KEY ACADEMIC SUBJECTS.—At least 70 percent of funds received for this section shall be used for enhancement of participant knowledge in key academic subjects.

[(B) OTHER SUBJECTS.—At least 20 percent of the funds received for this section shall be used for enhancement of participant knowledge in areas not related to academic subjects.

[(2) SPECIAL RULE.—In awarding grants under this section the State educational agency may provide for training in 2 or more key academic subjects at a single site.

[(3) ADDITIONAL ACADEMIES OR AWARDS.—If a State can demonstrate that the State's need for academies in key academic subjects has been met, and if the State can demonstrate that it is implementing the findings of the teacher education study described in section 504(c), then the State may use a portion of the amount reserved pursuant to section 501(b)(2)(B)(ii)(I) to establish one or more of the following academies or awards:

[(A) EARLY CHILDHOOD ACADEMIES.—A State educational agency may establish an academy aimed at early childhood education training. Such an academy shall give a priority to recruiting candidates from underrepresented groups in the early childhood education profession and shall provide intensive childhood training in violence counseling.

[(B) TECH-PREP ACADEMIES.—A State educational agency may establish an academy for—

[(i) assisting educators in secondary schools and community colleges to more effectively understand organizational structures and organizational change strategies;

[(ii) assisting educators to learn effective peer leadership strategies;

[(iii) assisting secondary school teachers and community college faculty to identify the knowledge and skills required in highly technical industries and workplaces;

[(iv) assisting secondary school teachers and community college faculty to apply creative strategies to the development of interdisciplinary curricula; and

[(v) assisting educators in integrating academic and vocational education.

[(C) TEACHER AWARDS.—(i) A State educational agency may make awards to State Academies for Teachers to provide for a program of cash awards and recognition to outstanding teachers in the key academic subject or subjects covered by the program of the Academy.

[(ii) Any full-time public or private elementary or secondary school teacher of a key academic subject or vocational and technology education subject, including an elementary school teacher of the general curriculum, shall be eligible to receive an award under this subparagraph.

[(iii) The amount of a teacher's award under this subparagraph shall not exceed $5,000 and shall be available for any purpose the recipient chooses.

[(iv) Each Academy receiving an award under clause (i) of this subparagraph shall select teachers to receive awards from nominations received from local educational agencies, public and private elementary and secondary schools, teachers, associations of teachers, parents, associations of parents and teachers, businesses, business groups, and student groups.

[(v) The Academy shall select award recipients under this subparagraph in accordance with criteria developed by the Academy and approved by the State educational agency. The selection criteria may take into account teacher's success in—

[(I) educating disadvantaged children and children with disabilities;

[(II) educating gifted and talented children;

[(III) encouraging students to enroll, and succeed, in advanced classes in a key academic subject or vocational and technology education subject;

[(IV) teaching a key academic subject or vocational and technology education subject successfully in schools educating large numbers of educationally disadvantaged students, including schools in low-income inner-city or rural areas;

[(V) introducing a new curriculum in a key academic subject into a school or strengthening an established curriculum;

[(VI) acting as a master teacher; and

[(VII) other criteria as developed by the Academies and approved by the State educational agency.

[SEC. 506. STATE ACADEMIES FOR SCHOOL LEADERS.

[(a) PURPOSE; DEFINITIONS.—

[(1) PURPOSE.—It is the purpose of this section to improve the training and performance of school principals and other school leaders and to increase the number of persons who are highly trained to be principals and school leaders by establishing an Academy for current and prospective school leaders in every State.

[(2) DEFINITIONS.—For the purpose of this section—

[(A) the term "Academy" means a course of instruction and related activities to increase a school leader's knowledge of the tools and techniques of school management and leadership, and such leader's ability to exercise such tools and techniques in the school setting, and may include a course of instruction for school district level system leaders separately or in combination with school leaders and teachers, except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a technical assistance center assisted under subpart 2 of part C of title V of this Act as such Act was in effect on the day before the date of enactment of the Higher Education Amendments of 1992, a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more such entities.

[(b) APPLICATION REQUIRED.—

[(1) IN GENERAL.—(A) Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as the State may reasonably require. Such Academy may be operated in cooperation or consortium with an Academy of another State.

[(B) A priority for awards shall be given to entities who received funds under subpart 2 of part C of title V of the Higher Education Act as in effect on September 30, 1991.

[(2) CONTENTS.—Each application submitted pursuant to paragraph (1) shall describe—

[(A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

[(B) the curriculum to be used or developed by the Academy;

[(C) the steps to be taken to recruit school leaders for the Academy's program, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities;

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(iv) other individuals with potential to become school leaders;

[(D) efforts to be taken to disseminate information about the Academy;

[(E) selection criteria to be used in identifying school leaders to participate in the Academy;

[(F) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge;

[(G) steps to be taken to assure the involvement of private sector managers and executives from businesses in the conduct of the Academy's programs; and

[(H) efforts to be undertaken to evaluate the impact of the Academy on participants.

[(c) Use of Allotted Funds.—

[(1) Grants.—Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 501(b)(2)(B)(ii)(I) to award a competitive grant to an eligible entity to enable such eligible entity to operate an Academy in accordance with the provisions of this subpart.

[(2) Costs.—Each eligible entity receiving a grant under this section shall use such funds to meet the costs of carrying out the activities described in subsection (d), which may include reasonable startup and initial operating costs, and stipends, travel, and living expenses for participants in the Academy if no other funds are available to pay such costs.

[(3) Limitations.—

[(A) Participants.—At least 70 percent of the participants in an Academy shall be from the school building level.

[(B) Special rule.—In awarding grants under this section, the State educational agency may provide for the location at the same site of Academies assisted under this section and Academies assisted under section 505.

[(d) Authorized Activities.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) developing and enhancing of participants' knowledge in instructional leadership, school-based management, shared decisionmaking, school improvement strategies and school-level accountability mechanisms;

[(2) identifying candidates, including members of minority groups, individuals with disabilities, and individuals from schools with high numbers or concentrations of educationally disadvantaged students and individuals who are bilingual, to be trained as new school leaders;

[(3) conducting programs which provide for the involvement of private sector managers and executives from businesses;

[(4) identifying models and methods of leadership training and development that are promising or have proven to be successful;

[(5) providing intensive training and development programs for current school leaders seeking enhanced and up-to-date knowledge needed to perform their jobs effectively;

[(6) identifying local educational agencies and schools with principal and other school leader vacancies and working with such agencies and schools to match Academy participants with such vacancies;

[(7) facilitating internships for graduates of the program for new school leaders, under the guidance and supervision of experienced administrators;

[(8) providing periodic follow-up development activities for school leaders trained through the Academy's programs;

[(9) disseminating information about the Academy, including the training curricula developed;

[(10) coordinating activities with those of any State Academies for Teachers established in the State; and

[(11) any other activity proposed by the applicant in the application submitted pursuant to subsection (b) and approved by the State educational agency.

[(e) COST-SHARING.—Funds received under this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this subpart, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and be in cash or in kind, fairly valued.

[SEC. 507. INSTITUTIONS OF HIGHER EDUCATION USES OF FUNDS.

[(a) APPLICATIONS.—Institutions of higher education desiring to receive a grant under section 501(b)(2)(B)(ii)(II) shall submit to the State educational agency an application which—

[(1) describes the types of activities that the institution plans to undertake with funds provided;

[(2) describes the process used by the institution to determine the State's needs for improving teacher education and training for preschool and early childhood education specialists, including consulting with current students, teachers, representatives from local educational agencies, parents, and representatives from preschool and early childhood specialists;

[(3) if such institution is applying for a grant to assist local educational agencies in providing inservice training for teachers, describes the training and services that such institution plans to provide for teachers within the local educational agency and demonstrates that such training and services are consistent with the needs of the local educational agencies to be served;

[(4) if such institution is applying for a grant to establish a professional development academy, contains the information required pursuant to section 508;

[(5) describes how the institution plans to integrate academic and vocational teacher education programs; and

[(6) contains any other information that may be required by the State educational agency.

[(b) AWARDS.—The State educational agency shall award grants on a competitive basis to institutions of higher education that have departments, schools, or colleges of education. In awarding grants, the State educational agency shall award funds for the following purposes:

[(1) For the establishment of professional development academies pursuant to section 508.

[(2) For the establishment and maintenance of programs that provide teacher training to individuals who are moving to a career in education from another occupation.

[(3) For institutions of higher education in consultation and cooperation with a local educational agency or a consortium of local educational agencies, to develop and provide technical assistance to local education agencies in providing inservice training for teachers.

[(4) For improving teacher education programs in order to further innovation in teacher education programs within an institution of higher education and to better meet the needs of the local educational agencies for well-prepared teachers.

[(5) For improving training for preschool and early childhood education specialists, including preschool and early intervention services for infants and toddlers with disabilities, in order to further innovation in such programs with institutions of higher education and to better meet the needs of preschool and early childhood education programs for well-prepared personnel.

[(6) To integrate the instruction of academic and vocational teacher education programs.

[(7) For activities to encourage individuals, especially individuals from minority groups, to pursue a career in education.

[(8) For expanding cooperative educational programs between State educational agencies and offices, schools, and school systems, institutions of higher education, appropriate educational entities, and private sector establishments involved in education between the United States and the Republic of Mexico for the purpose of providing bilateral teaching initiatives and programs that provide teacher training experiences between the educational communities of the United States and those of the Republic of Mexico and to enhance mutually beneficial educational activities involving researchers, scholars, faculty members, teachers, educational administrators, and other specialists to lecture, teach, conduct research, and develop cooperative programs.

[(9) When the study of teacher education programs is completed in accordance with section 504(c), to implement the program and policy changes for teacher education programs resulting from the findings of such study.

[SEC. 508. PROFESSIONAL DEVELOPMENT ACADEMIES.

[(a) AUTHORITY; DEFINITIONS.—

[(1) AUTHORITY.—From amounts reserved pursuant to section 501(b)(2)(B)(ii)(II), the State educational agency is authorized to make grants to, and enter into contracts and cooperative agreements with, eligible entities to plan, establish, and operate professional development academies.

[(2) DEFINITIONS.—For purposes of this section—

[(A) the term "Academy" means school-based teacher training operated as a partnership between one or more elementary or secondary schools and one or more institutions of higher education that provides prospective and novice teachers an opportunity to work under the guidance of master teachers and college faculty members. Such Academy shall be established for the purpose of—

[(i) the training of prospective and novice teachers (including preschool and early childhood education specialists, where appropriate) under the guidance of master teachers and teacher educators;

[(ii) the continuing development of experienced teachers;

[(iii) research and development to improve teaching and learning and the organization of schools;

[(iv) public demonstration of exemplary learning programs for diverse students; and

[(v) dissemination of knowledge produced in the research and development process;

except that such term—

[(i) does not mean a physical facility; and

[(ii) does not require a separate location from another Academy or other training program; and

[(B) the term "eligible entity" means a partnership that includes one or more local educational agencies and one or more institutions of higher education and may include teachers and the business community.

[(b) AWARDS AND RENEWALS.—An award made under this section may be in the form of a one-year planning grant. Such award may be renewed for implementation purposes without further competition annually for 4 additional years, upon submission of an evaluation of the project to the State educational agency and assurances that the recipient—

[(1) has achieved the goals set out in its application for the original term;

[(2) shows promise of continuing its progress;

[(3) will meet its share of the project costs; and

[(4) has developed a plan for continuing the Academy after Federal funding is no longer available.

[(c) APPLICATION REQUIRED.—

[(1) IN GENERAL.—Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may reasonably require.

[(2) CONTENTS.—Each application submitted pursuant to subsection (a) shall describe—

[(A) what schools within the local educational agency and what institutions of higher education shall participate in the partnership or otherwise participate in the program;

[(B) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches such goals;

[(C) a plan for monitoring progress and evaluating the effectiveness of the Academy in meeting the goals it has developed for teacher and student performance;

[(D) a description of the partnership's plan for systemic change in education, and a description of the activities and services for which assistance is sought;

[(E) ways in which the professional development programs shall cover course content in key academic subjects, methods of instruction, and classroom and school-based management skills;

[(F) plans to involve prospective and novice teachers in the programs offered by the Academy, including outreach efforts to identify and attract—

[(i) minority group members;

[(ii) individuals with disabilities; and

[(iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

[(G) estimates of the number of prospective and beginning teachers to be trained in the Academy in each year of the project and assurances that a significant number of prospective and beginning teachers will be trained in the Academy in each year of the project.

[(3) ASSURANCES.—Each application submitted pursuant to this subsection shall contain assurances that—

[(A) professional development programs at the Academy shall be designed and conducted by faculty members from institutions of higher education and teachers from local schools of demonstrated excellence;

[(B) in establishing the Academy, the applicant has consulted with teachers, administrators, and parents who will be affected at the teaching school site;

[(C) participating faculty from institutions of higher education shall include faculty members who are experts in the key academic subjects; and

[(D) the activities, services and programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge.

[(4) PRIORITIES.—In making awards under this part, the State educational agency shall give priority to applicants that—

[(A) select Academy sites based on need, as evidenced by such measures as a high rate of teacher attrition or a high proportion of the student body at risk of educational failure;

[(B) propose projects that demonstrate the strong commitment to or previous active support for educational innovation;

[(C) propose projects that demonstrate collaboration with other educational organizations, social or human service agencies, other community organizations, and the business community in the teaching school's operation;

[(D) demonstrate potential for a significant impact on the quality of the future education work force; and

[(E) demonstrate the long-term feasibility of the partnership.

[(5) SPECIAL RULES.—Each such application shall describe—

[(A) how the local educational agency will address the need to change or waive a local rule or regulation that is found by an Academy to impede the school's progress in achieving its goals; and

[(B) how partners that are institutions of higher education will involve the School of Education, the School of Arts and Sciences, and the School of Technology or Engineering and any other department of the institution.

[(d) USE OF ALLOTTED FUNDS.—

[(1) PERMITTED USES.—Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (e), which may include reasonable startup and initial operating costs, staff development, purchase of books, materials, and equipment, including new technology, costs associated with release time, payment of personnel directly related to the operation of the Academy, and participation in the activities of a network of Academies.

[(2) LIMITATIONS.—The Secretary may limit the amounts of funds that may be used for minor remodeling and the purchase of equipment under this part.

[(e) AUTHORIZED ACTIVITIES.—Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

[(1) training and internship activities for prospective or novice teachers in a school setting under the guidance of master or mentor teachers and faculty from institutions of higher education, especially faculty who are experts in key academic subjects;

[(2) mentoring and induction activities for prospective and novice teachers, including such teachers seeking to enter teaching through alternative routes;

[(3) participation of experienced teachers in the internship training and assessment of prospective and beginning teachers;

[(4) teaching skills and strategies to increase the ability of prospective, novice and experienced teachers to teach disadvantaged students, students with disabilities (including students with severe and multiple disabilities and students with lesser known or newly emerging disabilities), students who are limited-English proficient, and students from diverse cultural backgrounds;

[(5) programs to enhance teaching and classroom management skills, including school-based management skills, of novice, prospective and experienced teachers;

[(6) experimentation and research to improve teaching and learning conducted in the Academy by teachers and university faculty;

[(7) activities to integrate academic and vocational education;

[(8) training and other activities to promote the continued learning of experienced teachers, especially in their subject matter knowledge and how to teach it;

[(9) participation of expert practicing teachers and administrators in the university-based education studies of prospective teachers;

[(10) activities designed to disseminate information about the teaching strategies acquired through the Academy with other teachers in the district's schools;

[(11) organizational restructuring, including the introduction of new roles and staffing patterns in the school and university;

[(12) activities intended to address the effects of chronic community violence, such as violence counseling and conflict resolution training; and

[(13) other activities proposed by the applicant and approved by the Secretary.

[(f) COST-SHARING.—Funds received under this section may be used to pay 100 percent of the cost of a planning grant and not more than 75 percent of the cost of operating an Academy in the first 2 years an eligible entity receives a grant under this subpart and not more than 50 percent of such cost in such third and fourth years. The remaining share shall be provided from non-Federal sources, and may be in-kind, fairly valued.

[SEC. 509. FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT REGULAR NONFEDERAL FUNDS.

[A State educational agency, local educational agency, or institution of higher education may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the uses of funds under this part and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

[SEC. 510. COORDINATION WITH OTHER PROGRAMS.

[The State educational agency shall ensure that activities conducted under this part shall be consistent with the goals and objectives of any Federal or State systemic educational reform activities.

[SEC. 510A. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $350,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART B—NATIONAL TEACHER ACADEMIES

[SEC. 511. PROGRAM ESTABLISHED.

[(a) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to eligible recipients to establish and operate National Teacher Academies.

[(b) SUBJECT AREAS AND STAFF.—

[(1) SUBJECT AREAS.—At least 1 but not more than 3 National Teacher Academies shall be established in each of the following subject areas commonly taught in elementary and secondary schools:

[(A) English.
[(B) Mathematics.
[(C) Science.
[(D) History.
[(E) Geography.
[(F) Civics and government.
[(G) Foreign languages.

[(2) STAFF.—Academy staff shall be selected from the most accomplished and prominent scholars in the relevant fields of study and in the methodologies which improve the skills of persons who teach in such fields of study.

[(c) DURATION OF GRANT.—Each grant to establish and operate a National Teacher Academy shall be for a period of 3 years, and is renewable.

[(d) COMPETITIVE GRANT AWARDS.—The Secretary shall award grants under this part on a competitive basis.

[(e) CONSISTENCY WITH SYSTEMIC REFORMS.—In awarding grants under this part, the Secretary shall ensure that activities conducted under this part are consistent with the goals and objectives of other Federal or State systemic educational reform activities.

[SEC. 512. ELIGIBLE RECIPIENTS.

[(a) IN GENERAL.—For the purposes of this part, the term "eligible recipient" means—

[(1) an institution of higher education;

[(2) a private nonprofit educational organization of demonstrated effectiveness; or

[(3) a combination of the institutions or organizations set forth in paragraphs (1) and (2) of this paragraph.

[(b) EXPERTISE REQUIREMENTS.—The Secretary shall only award grants to eligible recipients that have demonstrated expertise in the—

[(1) subject area of the National Teacher Academy to be established and operated; and

[(2) in-service training of teachers at the national, State, and local levels.

[SEC. 513. USE OF FUNDS.

[(a) IN GENERAL.—Funds provided pursuant to this part shall be used to—

[(1) provide in-service training programs for teachers and administrators, including—

[(A) programs which emphasize improving the teachers' knowledge in the particular subject area of the National Teacher Academy;

[(B) programs which integrate knowledge of subject matter with techniques for communicating that knowledge to students, including students who are disadvantaged, limited-English proficient, drug- or alcohol-exposed, or who have disabilities;

[(C) the use of the most recent applied research findings concerning education and the classroom; and

[(D) integration of materials from different disciplines into classroom instruction, especially for elementary school teachers;

[(2) conduct each year at least one summer institute of at least 3 weeks duration for the State delegations described in section 515; and

[(3) provide support services to the State Academies for Teachers, including—

[(A) the establishment of a national network of individuals to assist in teacher education programs in State Academies for Teachers;

[(B) consultation assistance in the design and implementation of in-service teacher training programs; and

[(C) monthly newsletters or other methods of communicating useful information.

[(b) Administrative Costs.—Not more than 10 percent of the amount of funds received under this part may be used by an eligible recipient for administrative costs.

[SEC. 514. APPLICATION.

[(a) Application.—Each eligible recipient desiring a grant under this part shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require.

[(b) Contents.—Each application submitted pursuant to subsection (a) shall—

[(1) describe the activities, services, and programs for which assistance is sought;

[(2) describe how at least 70 percent of the National Teacher Academy's time shall be devoted to basic course content relevant to the particular subject field and necessary for improving the quality of teaching in public and private elementary and secondary schools;

[(3) describe how not more than 30 percent of the National Teacher Academy's time shall be devoted to methods of instruction relevant to the particular subject field;

[(4) describe how the National Teacher Academy's activities will be coordinated with or administered cooperatively with institutes established by other Federal entities, such as the National Science Foundation and the National Endowment for the Humanities; and

[(5) provide such additional assurances or information as the Secretary may reasonably require.

[SEC. 515. STATE DELEGATIONS.

[(a) In General.—Each selection panel established pursuant to section 516(b) shall select a State delegation to participate in each National Teacher Academy assisted under this part.

[(b) Composition.—

[(1) In general.—Except as provided in paragraphs (2) and (3), each State delegation described in subsection (a) shall, at a minimum, be composed of—

[(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

[(B) at least 5 teachers, of whom at least 2 shall be elementary school teachers.

[(2) SPECIAL RULE.—The State delegations for the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa and the Republic of Palau (until the Compact of Free Association is ratified) shall, at a minimum, be composed of—

[(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

[(B) at least 3 teachers, of whom at least 1 shall be an elementary school teacher.

[(3) ADDITIONAL TEACHERS.—

[(A) Each State that has obtained the approval of the appropriate National Teacher Academy may send to such National Teacher Academy the number of additional teachers determined in accordance with subparagraph (B).

[(B) The appropriate National Teacher Academy shall determine the number of additional teachers to attend such National Teacher Academy on the basis of the number of full-time equivalent teachers in the State compared to such number in all States.

[(c) DUTIES.—Each State delegation shall—

[(1) attend the appropriate subject area summer institute at the appropriate National Teacher Academy; and

[(2) after participation in the National Teacher Academy assist in the development and operation of the appropriate National Teacher Academy.

[SEC. 516. SELECTION.

[(a) IN GENERAL.—Individuals participating in a National Teacher Academy shall be selected by the selection panel described in subsection (b) in accordance with the provisions of section 515.

[(b) SELECTION PANEL.—

[(1) ESTABLISHMENT.—Each State educational agency receiving assistance under part A of this title shall establish a 10-member selection panel to select teachers to attend the National Teacher Academies established pursuant to this part.

[(2) COMPOSITION AND REPRESENTATION.—

[(A) COMPOSITION.—At least 50 percent of the membership of each selection panel shall be classroom teachers, selected in consultation with teacher organizations, if any, in the State.

[(B) REPRESENTATION.—The composition of each selection panel shall be broadly representative of the elementary and secondary schools and the State.

[(3) FUNCTION.—Each selection panel shall—

[(A) annually select the State delegations in accordance with section 515; and

[(B) involve the individuals selected pursuant to subparagraph (A) in the operation of the State academies, if any, or other in-service training activities in the local educational agency in which such individuals teach.

[SEC. 517. NATIONAL TEACHER ACADEMY EVALUATION.

[The Secretary shall evaluate the system of National Teacher Academies and the effects of such academies on teachers every 2 years. The Secretary shall make available to the Congress and the public the results of such evaluation.

[SEC. 518. AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—There are authorized to be appropriated $35,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years to carry out the provisions of this part, of which not more than $5,000,000 shall be available for each of the National Teacher Academy subject areas listed in section 511(b)(1).

[(b) SPECIAL RULES.—

[(1) APPROPRIATIONS LESS THAN $14,000,000.—If the amount appropriated pursuant to the authority of subsection (a) is less than $14,000,000, then not more than $2,000,000 shall be available for each National Teacher Academy subject area in the order in which such subject areas are listed in section 511(b)(1), until such funds are expended.

[(2) APPROPRIATIONS EQUAL TO OR IN EXCESS OF $14,000,000.—If the amount appropriated pursuant to the authority of subsection (a) is equal to or exceeds $14,000,000, then such funds as equals or exceeds $14,000,000 shall be allocated equitably among each of the National Teacher Academy subject areas listed in section 511(b)(1).

[PART C—TEACHER SCHOLARSHIPS AND FELLOWSHIPS

[Subpart 1—Paul Douglas Teacher Scholarships

[SEC. 521. PURPOSE; DESIGNATION.

[(a) PURPOSE.—It is the purpose of this subpart to make available, through grants to the States, scholarships to individuals who are outstanding secondary school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the preschool, elementary or secondary level.

[(b) DESIGNATION.—Scholarships awarded under this subpart shall be referred to as the "Paul Douglas Teacher Scholarships".

[SEC. 522. ALLOCATION AMONG STATES.

[(a) ALLOCATION.—From the sums appropriated for this subpart for any fiscal year, the Secretary shall allocate to any State an amount based on the school-age population in the State compared to the school-age population in all States.

[(b) USE OF CENSUS DATA.—For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the Bureau of the Census.

[SEC. 523. GRANT APPLICATIONS.

[(a) SUBMISSION OF APPLICATIONS.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 521 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

[(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

[(1) describes the selection criteria and procedures to be used by the State in the selection of scholarship recipients under this subpart;

[(2) designates as the State agency responsible for administering the grants received under this subpart the State agency which administers the program under subpart 4 of part A of title IV (relating to State student incentive grants), the State agency with which the Secretary has an agreement under section 428(b), or another appropriate State agency approved by the Secretary;

[(3) describes the outreach effort the State agency intends to use to publicize the availability of Paul Douglas Scholarships to secondary school students in the State;

[(4) describes how the State will inform recipients, upon receipt of the award, of current and projected teacher shortages and surpluses within the State;

[(5) provides assurances that each recipient eligible under section 525(b) of this subpart who receives a Paul Douglas Scholarship shall enter into an agreement with the State agency under which the recipient shall—

[(A) within the 10-year period after completing the postsecondary education for which the Paul Douglas Teacher Corps Scholarship was awarded, teach for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary, or secondary school in any State, or, on a full-time basis, children with disabilities or children with limited English proficiency in a private nonprofit school, except that, in the case of individuals who teach in a shortage area established by the Secretary pursuant to section 530A, the requirements of this subparagraph shall be reduced by one-half;

[(B) provide the State agency evidence of compliance with section 526 as required by the State agency; and

[(C) repay all or part of a Paul Douglas Scholarship received under section 524 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 527, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 528;

[(6) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

[(A) a description of the procedures required to be established under paragraph (7); and

[(B) a description of the appeals procedures required to be established under paragraph (8) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

[(7) provides for procedures under which a recipient of assistance received under this subpart who teaches for less than the period required under paragraph (5)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 527 and 528;

[(8) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this subpart; and

[(9) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds; ethnic and racial minority students; individuals with disabilities; other individuals from groups historically underrepresented in teaching; individuals who express a willingness or desire to teach in rural schools, urban schools, or schools having less than average academic results or serving large numbers of economically disadvantaged students; or women or minorities who show interest in pursuing teaching careers in mathematics and science and who are underrepresented in such fields.

[(c) SELECTION CRITERIA AND PROCEDURES.—The State educational agency, in cooperation with the State higher education agency, and pursuant to scholarship selection criteria included in section 525, shall establish criteria to select Paul Douglas Teacher Scholarship recipients. These criteria shall be intended to attract highly qualified individuals into teaching, to ensure that these students are enrolled or are accepted for enrollment in approved teacher education programs, and to meet the present and projected needs of States in addressing teacher shortages, including the demand for and supply of early childhood and elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

[(d) SPECIAL CONSIDERATION.—The State educational agency, in cooperation with the State higher education agency, shall give special consideration in the selection of scholarship recipients to individuals who—

[(1) intend to teach or provide related services to students with disabilities;

[(2) intend to teach limited English proficient students;

[(3) intend to teach preschool age children;

[(4) intend to teach in schools servicing inner city or rural or geographically isolated areas (as defined by the Secretary by regulations consistent with the purposes of this section);

[(5) intend to teach in curricular areas or geographic areas where there are demonstrated shortages of qualified teachers; or

[(6) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities, and are underrepresented in the teaching profession or in the curricular areas in which they are preparing to teach.

[(e) SOLICITATION OF VIEWS ON SELECTION CRITERIA AND PROCEDURES.—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of local educational agencies, private educational institutions, and other interested parties. Such views—

[(1) shall be solicited by means of—

[(A) written comments; and

[(B) publication of proposed selection criteria and procedures in final form for implementation; and

[(2) may be solicited by means of—

[(A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with specific preparation); or

[(B) such other methods as the State may determine to be appropriate to gather information on such needs.

[SEC. 524. AMOUNT AND DURATION OF AND RELATION TO OTHER ASSISTANCE.

[(a) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (c) each Paul Douglas Teacher Scholarship recipient shall receive a $5,000 scholarship for each academic year of postsecondary education for study in preparation to become a preschool, special education, elementary, or secondary teacher. No individual shall receive scholarship assistance for more than 4 years of postsecondary education, as determined by the State agency.

[(b) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Notwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of this Act.

[(c) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—No individual shall receive an award under the Paul Douglas Teacher Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. A scholarship awarded under this part shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance, but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

[SEC. 525. SELECTION OF PAUL DOUGLAS TEACHER SCHOLARS.

[(a) SELECTION BY STATEWIDE PANELS.—Paul Douglas Teacher Scholars shall be selected by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary. The statewide panel shall be representative of school administrators, teachers, including preschool and special education teachers, and parents.

[(b) ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURES.—Selections of Paul Douglas Scholars shall be made from students who have graduated or who are graduating from secondary school and who rank in the top 10 percent of their graduating class. The State educational agency shall make applications available to public and private nonprofit secondary schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedures for the selection of Paul Douglas Scholars. Such criteria may include the applicant's secondary school grade point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

[(c) WAIVERS.—For purposes of giving special consideration under section 523(d), a State may waive the criteria contained in the first sentence of subsection (b) for not more than 25 percent of individuals receiving Paul Douglas Teacher Scholarships on or after July 1, 1993.

[SEC. 526. SCHOLARSHIP CONDITIONS.

[Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

[(1) enrolled as a full-time student in an accredited postsecondary institution;

[(2) pursuing a course of study leading to teacher certification; and

[(3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

[SEC. 527. SCHOLARSHIP REPAYMENT PROVISIONS.

[Recipients found by the State agency to be in noncompliance with the agreement entered into under section 523(b)(5) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of title IV of this Act) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

[SEC. 528. EXCEPTIONS TO REPAYMENT PROVISIONS.

[(a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 523(b)(5)(C) during any period in which the recipient—

[(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

[(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

[(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

[(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

[(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

[(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months; or

[(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

[(b) Forgiveness if Permanently Totally Disabled.—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

[SEC. 529. FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

[(a) Disapproval Hearing Required.—The Secretary shall not finally disapprove any application for a State program submitted under section 523, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

[(b) Suspension of Eligibility.—Whenever the Secretary, after reasonable notice and opportunity for a hearing to the State agency administering a State program approved under this subpart, finds—

[(1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

[(2) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

[(c) Court Review.—

[(1) In general.—If any State is dissatisfied with the Secretary's final action under subsection (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

[(2) Findings.—The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

[(3) JURISDICTION.—The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

[SEC. 530. EVALUATION.

[(a) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent evaluation of recipients of scholarship assistance under this subpart, which shall summarize and evaluate the State activities assisted under this subpart and the performance of such recipients. The evaluation shall assess the impact of the scholarship program assisted under this subpart to determine whether such program has brought into teaching a significant number of highly able individuals who otherwise would not have entered teaching.

[(b) CONTENTS.—The evaluation described in subsection (a) shall include—

[(1) a description of the characteristics, including the educational preparation and achievement, of recipients of scholarship assistance under this subpart compared to similar students participating in teacher training who do not receive such scholarships;

[(2) the rate at which such recipients successfully complete academic training and go on to teaching careers in preschool, elementary, or secondary education, compared to such rate for similar individuals who do not receive scholarship assistance under this subpart;

[(3) the extent to which it is possible to determine objectively that the receipt of scholarship assistance under this subpart was the primary reason for an individual's choice of a teaching education and career;

[(4) the extent to which such recipients comply with the provisions of this subpart;

[(5) the length of time such recipients remain in teaching careers, compared to similar teachers who do not receive scholarships;

[(6) the barriers to the effectiveness of the program assisted under this subpart; and

[(7) the cost-effectiveness of such program in improving teacher quality and quantity.

[(c) EVALUATION REPORTS.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

[(d) FUNDING.—The Secretary shall reserve a total of not more than $1,000,000 from the amounts appropriated pursuant to the authority of section 530B in fiscal years 1993 through 1997 to carry out this section.

[SEC. 530A. DESIGNATION OF SHORTAGE AREAS.

[For the purposes of this part, the term "shortage areas" means (1) geographic areas of the State in which there is a shortage of preschool, elementary, and secondary school teachers, and (2) an area of shortage of preschool, elementary, and secondary school teachers in specific grade levels and in specific academic, instructional, subject matter, and discipline classifications. Such shortage areas shall be prescribed by the Secretary, in consultation with the chief State school officer or, in the case of nonprofit private elementary or secondary schools, with appropriate officials of nonprofit private schools in each State in accordance with this section. In carrying out the provisions of this section, the Secretary shall give special consideration to areas in which emergency certification of individuals in a State is being used to correct teacher shortages and to States which have retirement laws permitting early retirement.

[SEC. 530B. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $26,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 2—Christa McAuliffe Fellowship Program

[SEC. 531. DECLARATION OF PURPOSE; DESIGNATION.

[(a) PURPOSE.—It is the purpose of this subpart to establish a national fellowship program for experienced and outstanding teachers.

[(b) DESIGNATION.—A recipient of a fellowship under this subpart shall be known as a "Christa McAuliffe fellow".

[SEC. 532. PROGRAM AUTHORIZED.

[(a) IN GENERAL.—The Secretary is authorized to make grants, in accordance with the provisions of this subpart, to State educational agencies to enable such State educational agencies to—

[(1) conduct Christa McAuliffe fellowship activities; and

[(2) award fellowships to Christa McAuliffe fellows in accordance with the provisions of this subpart.

[(b) AMOUNT OF GRANTS.—The amount awarded to each State educational agency pursuant to paragraph (1) of subsection (a) shall be an amount awarded on the basis of the school-age population in the State compared to the school-age population in all States, except that the Secretary may adjust the awards to ensure that such awards are of sufficient size to carry out the purposes of this subpart.

[(c) STATE ACTIVITIES.—Each State educational agency receiving a grant pursuant to subsection (a) shall use not more than 3 percent of such grant for administrative purposes.

[(d) USE OF FUNDS FOR FELLOWSHIPS AND ADMINISTRATION.—Funds appropriated for any fiscal year for fellowships to teachers under this subpart shall be used to award fellowships in accordance with the requirements of this subpart, except that not more than 1 percent of such funds shall be used by the Secretary for purposes of administering this subpart, including activities authorized under section 537(b).

[SEC. 533. CHRISTA MCAULIFFE FELLOWSHIPS.

[(a) AWARD DISTRIBUTION AND AMOUNT.—

[(1) AWARD DISTRIBUTION.—Each State educational agency receiving a grant under this subpart shall use such funds to award Christa McAuliffe fellowships to public and private school teachers who have been employed as teachers for 8 or more years to enable such teachers to engage in the activities described in subsection (b).

[(2) AMOUNT.—Fellowships shall be in an amount equal to the annual salary the individual would earn in such individual's current place of employment for the award period.

[(3) RATABLE REDUCTION.—If an individual receives a fellowship award for less than a school year, such fellowship shall be ratably reduced to equal the salary forgone.

[(4) DURATION.—No Christa McAuliffe fellow may receive an award for 2 consecutive years.

[(5) REQUIREMENT.—Subject to the repayment provisions of section 536, each Christa McAuliffe fellow shall be required to return to a teaching position, in their place of employment prior to receiving the fellowship award, for at least 2 years following such award. The Secretary is authorized, in extraordinary circumstances, to waive or defer all or a portion of the service requirement, or allow fellows to fulfill their service requirement by going into a teaching position in another school or school district within the State or in another State upon approval of the sending and receiving State.

[(b) USE OF FELLOWSHIPS.—Each Christa McAuliffe fellowship may be used for—

[(1) sabbaticals for study, research or academic improvement to—

[(A)(i) improve such teacher's knowledge base in an area of expertise; or

[(ii) learn a new area of expertise;

[(B) increase skills and professional ability; and

[(C) enhance the ability of teachers to work with special education populations, including—

[(i) gifted and talented children;

[(ii) limited-English proficient children;

[(iii) children with disabilities; and

[(iv) economically and educationally disadvantaged children;

[(2)(A) consultation with or assistance to other school districts or private school systems; or

[(B) development of special innovative programs;

[(3) projects or partnerships that involve the business community and the schools;

[(4) programs that incorporate the use and the sharing of technologies to help students learn; or

[(5) expanding or replicating model programs of staff development.

[SEC. 534. SELECTION OF CHRISTA MCAULIFFE FELLOWS.

[(a) IN GENERAL.—Christa McAuliffe fellows in each State shall be selected (in accordance with section 535) by a 7-member statewide panel appointed by the chief State school officer, or by an existing panel designated by the chief State school officer. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

[(b) SPECIAL RULE.—Each State educational agency may choose to administer the program assisted under this subpart through a pre-existing panel which is experienced in administering similar programs.

[SEC. 535. EVALUATION OF APPLICATIONS.

[(a) SUBMISSION TO AND REVIEW BY STATEWIDE PANEL.—An applicant for a Christa McAuliffe fellowship shall submit a proposal for a project in accordance with section 533(b), and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such a proposal to the local educational agency for comment prior to submission to the statewide panel (appointed under section 534) for the State in which the project will be conducted. Each such application shall contain such information as such State educational agency may reasonably require.

[(b) CONSULTATION AND CONSIDERATION.—

[(1) IN GENERAL.—In evaluating proposals, the statewide panel shall consult with the local educational agency, and shall consider—

[(A) evaluations during employment as a teacher;

[(B) demonstrated commitment to teaching in the future; and

[(C) intended activities during the award period.

[(2) RECOMMENDATIONS.—The statewide panel may request recommendations from teaching peers and the applicant's principal and superintendent on the quality of the proposal, the benefit of such proposal to education, and any other criteria for awarding fellowships as are considered appropriate by such statewide panel.

[(3) SELECTION.—Selection of members of the statewide panel shall be made in accordance with regulations prescribed by the Secretary.

[(c) PUBLIC ANNOUNCEMENT.—Announcement of fellowship awards shall be made in a public ceremony.

[SEC. 536. FELLOWSHIP REPAYMENT PROVISIONS.

[Repayment of the award shall be made to the Federal Government in the case of fraud or gross noncompliance.

[SEC. 537. SECRETARY'S RESPONSIBILITIES.

[(a) IN GENERAL.—The Secretary shall—

[(1) make awards to State educational agencies having applications approved under section 538; and

[(2) in cooperation with the State educational agency, conduct activities which foster communication among and bring together Christa McAuliffe fellows including activities such as written communications, meetings, or training sessions.

[(b) INFORMATION DISSEMINATION.—The Secretary shall establish a clearinghouse or otherwise provide for the collection and dissemination of information on exemplary projects for improving education that were developed in accordance with section 533(b) of this part. The Secretary may utilize the National Diffusion Network in carrying out the requirements of this section.

[SEC. 538. STATE APPLICATION.

[(a) Application Required.—Each State educational agency desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

[(b) Contents.—Each application submitted pursuant to subsection (a) shall—

[(1) provide assurances that Christa McAuliffe fellows will be released from teaching responsibilities for up to one school year (if the fellow's proposal requires such release time) without jeopardizing the rights such members would have had without participating in the program assisted under this subpart;

[(2) provide assurances that the State educational agency, or its designee, in cooperation with local educational agencies, shall maintain accurate records regarding the activities of Christa McAuliffe fellows within the State to ensure that such members are meeting all conditions of the fellowships provided pursuant to this subpart, and shall notify the Secretary immediately upon a change in a Christa McAuliffe fellow's status rendering such fellow in violation of the conditions of the fellowship; and

[(3) provide assurances that the State educational agency has consulted with local educational agencies in designing and developing the Christa McAuliffe Fellowship program.

[SEC. 539. EVALUATION.

[(a) In General.—

[(1) In general.—The Secretary shall conduct, by grant or contract, an independent evaluation of—

[(A) Christa McAuliffe fellows; and

[(B) the impact of the activities undertaken by the Christa McAuliffe fellows on teachers, teacher research, curricula, staff development, improvement of programs and improvement of student achievement.

[(2) Competitive basis.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

[(b) Contents.—The evaluation shall—

[(1) include information on the nature of projects developed and implemented by Christa McAuliffe fellows;

[(2) assess the measurable effects of such projects on the academic performance of the students served by such projects;

[(3) assess the effect of the fellowship program assisted under this subpart on the postfellowship experiences of Christa McAuliffe fellows;

[(4) identify the barriers to such program's effectiveness;

[(5) assess the extent to which successful projects were disseminated and adopted by other teachers and schools without further Federal assistance; and

[(6) determine and explore ways to improve the cost-effectiveness of such program.

[(c) Evaluation Reports.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

[(d) FUNDING.—The Secretary shall reserve a total of not more than $1,000,000 from the amounts appropriated pursuant to the authority of section 540 in fiscal years 1993 through 1997 to carry out this section.

[SEC. 540. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 3—Teacher Corps

[SEC. 541. TEACHER CORPS PROGRAM AUTHORIZED.

[(a) GRANTS BY THE SECRETARY.—In any fiscal year in which the appropriations for this subpart do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants, on a competitive basis, to State educational agencies to carry out Teacher Corps activities.

[(b) STATE GRANT PROGRAM.—In any fiscal year in which the appropriations for this subpart equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to State educational agencies from allocations under subsection (c) to carry out Teacher Corps activities.

[(c) ALLOCATION.—Except as provided in subsection (a), each State educational agency shall be eligible to receive a grant under this subpart in each fiscal year that bears the same ratio to the amount appropriated under section 548 in that fiscal year as the school-age population of the State bears to the school-age population of all States.

[(d) TEACHER CORPS SCHOOL.—For the purpose of this subpart the term "Teacher Corps school" means a public elementary or secondary school identified by the State educational agency as having the highest levels of poverty and the lowest levels of student achievement based on a ranking of such elementary schools and secondary schools in the State according to the number of children living in poverty and the levels of student achievement. In carrying out the preceding sentence, the State educational agency shall identify and inform not more than 10 percent of such elementary schools and not more than 10 percent of such secondary schools in the State which have the highest levels of poverty and the lowest levels of student achievement.

[(e) DESIGNATION.—

[(1) SCHOLARSHIP.—A scholarship awarded under this subpart shall be referred to as a "Teacher Corps scholarship".

[(2) RECIPIENT.—A recipient of a scholarship under this subpart shall be referred to as a "Teacher Corps member".

[SEC. 542. USE OF FUNDS.

[(a) SECRETARY.—The Secretary shall use funds provided pursuant to this subpart to—

[(1) disseminate information nationally about the availability of scholarships under this subpart;

[(2) conduct activities, with the cooperation of the State and local educational agencies, which foster communication among, and bring together, members of the Teacher Corps, including activities such as written communications, meetings, or training sessions;

[(3) establish and conduct summer preservice orientation programs for Teacher Corps members about to begin teaching;

[(4) ensure that Teacher Corps members recognize the challenges of teaching in a Teacher Corps school;

[(5) inform Teacher Corps members of Teacher Corps schools and facilitate the hiring and placement of Teacher Corps members at Teacher Corps schools;

[(6) evaluate applications from and award grants to State educational agencies to enable such agencies to award Teacher Corps scholarships in accordance with the provisions of this subpart; and

[(7) collect scholarship repayments from individual Teacher Corps members, in accordance with the provisions of section 546.

[(b) State Educational Agency.—Each State educational agency receiving a grant under this subpart shall use such grant funds to—

[(1) evaluate applications for Teacher Corps membership and award scholarships to Teacher Corps members;

[(2) provide technical assistance to local educational agencies establishing and operating induction programs;

[(3) ensure that Teacher Corps members understand the obligation to repay the scholarships received under this subpart upon failure to comply with the conditions of the scholarship; and

[(4) ensure that Teacher Corps members are fulfilling the obligation to repay scholarships received under this subpart, and provide the Secretary with the names and addresses of Teacher Corps members who have not fulfilled such obligation.

[(c) Special Rule.—The Secretary may enter into contracts with or make grants to nonprofit educational organizations for—

[(1) recruiting members of the Teacher Corps;

[(2) establishing and conducting summer preservice training programs; and

[(3) conducting activities that foster communications among and bring together members of the Teacher Corps.

[(d) Reservations.—Each State receiving a grant under this subpart may reserve—

[(1) 5 percent of such grant funds to provide technical assistance to local educational agencies and to pay administrative costs; and

[(2) 5 percent of such grant funds to provide for induction and mentoring programs.

[(e) Special Rule.—Each State educational agency receiving a grant under this subpart may enter into contracts with or award grants to nonprofit educational agencies to conduct the activities described in subsection (b).

[SEC. 543. TEACHER CORPS.

[(a) Selection.—The State educational agency shall select Teacher Corps members.

[(b) Criteria.—

[(1) IN GENERAL.—The State educational agency shall establish criteria to select Teacher Corps members that are intended to—

[(A) attract highly qualified individuals to teaching; and

[(B) meet the needs of Teacher Corps schools in addressing teacher shortages.

[(2) CRITERIA.—The criteria described in paragraph (1) may include—

[(A) in the case of students or recent graduates, outstanding academic records, or in other cases, contributions which may be made by individuals working in other careers; and

[(B) a demonstrated commitment to teaching or professional experience in substantive fields of expertise in which the State is experiencing or expects to experience teacher shortages.

[(c) SPECIAL CONSIDERATION.—The State educational agency, in selecting Teacher Corps members, shall give special consideration to individuals who—

[(1) intend to teach or provide related services to students with disabilities;

[(2) intend to teach limited-English proficient students;

[(3) intend to teach preschool age children;

[(4) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities;

[(5) are members of populations that are underrepresented in the teaching profession or in the curricular areas in which such individuals are preparing to teach;

[(6) intend to teach in the areas of science or mathematics, especially women and minorities who are underrepresented in such fields; or

[(7) intend to teach on Indian reservations or in Alaska Native villages named or certified pursuant to section 3(c) of the Alaska Native Claims Settlement Act, Public Law 92–203, or in areas with high concentrations of Native Hawaiians.

[(d) APPLICATION.—Each individual desiring to participate in the program assisted under this subpart shall submit an application at such time, in such manner, and containing such information as the State educational agency may reasonably require.

[SEC. 544. STATE APPLICATION.

[In order to receive funds under this subpart, a State educational agency, in consultation with the Governor, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

[(1) describe how the State educational agency shall select Teacher Corps members;

[(2) identify Teacher Corps schools within the State, where Teacher Corps members shall be assigned, provided that not more than 10 percent of all public schools in the State may be designated Teacher Corps schools;

[(3) provide assurances that the State educational agency, in cooperation with local educational agencies, shall assist in employment placement within such State for Teacher Corps members in Teacher Corps schools;

[(4) provide assurances that the State educational agency, in cooperation with local educational agencies, shall ensure that Teacher Corps members are paid at rates comparable to other entry level teachers in the school district where the Teacher Corps member is assigned;

[(5) provide assurances that the local educational agencies in which the Teacher Corps members shall be placed shall establish or expand induction programs that assist Teacher Corps members in adjusting to the new school and community where such members shall teach, including working with a mentor teacher in the school building where the Teacher Corps members are placed; and

[(6) describe how the State educational agency shall monitor and report to the Secretary not less than annually on the operation of programs assisted under this subpart and on the compliance of individuals who receive Teacher Corps scholarships with the provisions of this subpart.

[SEC. 545. SCHOLARSHIPS.

[(a) ELIGIBILITY.—

[(1) IN GENERAL.—An individual is eligible to receive Teacher Corps scholarships for a maximum of 3 years during enrollment in any of the following programs of study, or a combination thereof:

[(A) a program of study leading to a baccalaureate degree;

[(B) a 1- or 2-year postbaccalaureate program of study leading to a master's or specialist degree or a teaching certificate; or

[(C) a 2-year program of study leading to an associate's degree in early childhood education or early childhood development, or a 1-year program of study leading to a child development associate credential.

[(2) SPECIAL RULES.—(A) An individual pursuing a program of study described in subparagraph (B) of paragraph (1) is eligible to receive a Teacher Corps scholarship during any of the first 3 years that such individual is employed as a teacher to defray the costs of pursuing such postbaccalaureate instruction.

[(B) An individual in possession of a bachelor's degree, who wishes to enter teaching from another profession, is eligible to receive a Teacher Corps scholarship to enable such individual to receive the instruction necessary to enter the teaching profession, as determined by the State in which the individual wishes to teach. Such instruction may be provided while the individual is employed as a provisional teacher.

[(b) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (d), each Teacher Corps member shall receive a $5,000 scholarship for each academic year of postsecondary education, except that no individual shall receive scholarship assistance for more than 3 years of postsecondary education (including postbaccalaureate), as determined by the Secretary.

[(c) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Each Teacher Corps scholarship awarded pursuant to this subpart shall be considered as student financial assistance in determining eligibility for student assistance under title IV.

[(d) ASSISTANCE NOT TO EXCEED NEED.—Each Teacher Corps scholarship, when added to assistance received under title IV, if any, shall not exceed the cost of attendance, as defined in section 472, at the institution the individual is attending. If the amount of the Teacher Corps scholarship and assistance received under title IV exceeds the cost of attendance, loans received under part B, D, or E of such title shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

[(e) CONTINUED ELIGIBILITY.—Each individual who receives a Teacher Corps scholarship shall continue to receive such scholarship payments only during such periods that the State educational agency finds that such individual is—

[(1) enrolled as a full-time student in an accredited postsecondary institution; and

[(2) maintaining satisfactory progress defined under section 484.

[SEC. 546. SCHOLARSHIP CONDITIONS.

[(a) SCHOLARSHIP AGREEMENT.—Each individual receiving a scholarship under this subpart shall enter into a written agreement with the State educational agency which shall provide assurances that each such individual—

[(1) shall pursue a course of study which meets State requirements for teacher preparation;

[(2) has completed at least 2 years of undergraduate education at an institution of higher education;

[(3) shall maintain satisfactory academic progress and participate in teaching-related activities while in undergraduate or post-baccalaureate programs;

[(4) shall work as a teacher upon completion of such individual's education for 3 years in a Teacher Corps school, as identified by the State educational agency pursuant to section 541(d), except that Teacher Corps members may transfer to another such school within the State or in another State upon approval of the State educational agency;

[(5) in carrying out the obligation described in paragraph (4), shall meet the performance requirements of—

[(A) the school in which such individual teaches; and

[(B) the local educational agency exercising administrative control or direction of, or performing a service function for such school;

[(6) shall repay all or part of a Teacher Corps scholarship received under section 545(b) plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under subsection (b), in the event that the conditions of this subsection are not complied with, except as provided for in subsection (c);

[(7) at least during the first year of employment, shall participate in an induction program which includes working with a mentor teacher selected by the local educational agency in which the Teacher Corps member is employed and who, to the extent practicable, is teaching in the same subject as the Teacher Corps member; and

[(8) who is not enrolled in a program of study as set forth in section 545(a)(1)(C) shall obtain State teacher certification during the period of employment or as soon as possible as State law requires.

[(b) SCHOLARSHIP REPAYMENT.—

[(1) IN GENERAL.—Individuals found by the State educational agency to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay to the Secretary a pro rata amount of the scholarship awards received, plus interest at the highest rate applicable to loans under part B of title IV and, where applicable, reasonable collection fees, in accordance with the provisions of paragraph (3).

[(2) EXCEPTIONS TO REPAYMENT.—An individual shall not be considered to be in violation of the agreement entered into pursuant to subsection (a) during any period in which such individual meets the exceptions to repayment provisions set forth in section 528(a)(2), 528(a)(3) or 528(b), or if the individual dies.

[(3) REPAYMENT PERCENTAGES.—Each individual found by the Secretary to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay—

[(A) 100 percent of the total amount of scholarships awarded under this subpart if such individual does not teach pursuant to the agreement described in subsection (a) or teaches pursuant to such agreement for less than 1 year;

[(B) 67 percent of such amount if such individual teaches pursuant to such agreement for at least 1 year but less than 2 years; and

[(C) 34 percent of such amount if such individual teaches pursuant to such agreement for at least 2 years but less than 3 years.

[(4) INTEREST.—If a portion of scholarship is repaid under this subsection in any year, the entire amount of interest on such portion of such scholarship which accrues for such year shall be repaid.

[(5) USE OF REPAYMENTS.—Any repayments of scholarships made to the Secretary pursuant to the provisions of this section shall be used by the Secretary to make additional grants in accordance with the provisions of this subpart.

[(c) WAIVER.—The Secretary may provide for the partial or total waiver or suspension of any service obligation or repayment by an individual who received a Teacher Corps scholarship whenever compliance by such individual is impossible or would involve extreme hardship to such individual.

[SEC. 547. PUBLICATION AND RECRUITMENT.

[(a) IN GENERAL.—The Secretary shall—

[(1) publicize the availability of, and procedure to apply for, Teacher Corps scholarships, particularly among students participating in teaching-related activities through summer teaching institutes, future teacher clubs, and other teaching-related activities, at institutions of higher education nationwide, particularly in institutions of higher education with large minority enrollments, historically black colleges and universities, secondary schools nationwide (especially such schools with minority enrollment in excess of the statewide average minority enrollment), and with—

[(A) individuals participating in programs assisted under subpart 4 of part A of title IV;

[(B) individuals leaving the armed services, the Peace Corps, VISTA, and programs funded under the National and Community Service Act of 1990;

[(C) community-based organizations working in minority education; and

[(D) other agencies and entities likely to attract individuals interested in entering teaching from another career;

[(2) recruit minority students to participate in the program assisted under this subpart; and

[(3) recruit students with outstanding academic records to participate in such program.

[(b) SPECIAL RULE.—The publications required under subsection (a) shall describe substantive fields of expertise and geographic areas experiencing teacher shortages within the Nation.

[SEC. 548. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.

[PART D—INNOVATION AND RESEARCH

[Subpart 1—National Board for Professional Teaching Standards

[SEC. 551. NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS.

[(a) DEFINITIONS.—For the purpose of this subpart—

[(1) The term "Board" means the National Board for Professional Teaching Standards.

[(2) The term "Committee" means the Fund for Improvement and Reform of Schools and Teaching Board established in section 3231 of the Fund for the Improvement and Reform of Schools and Teaching Act.

[(3) The term "Director" means the Director of the National Science Foundation.

[(b) PROGRAM AUTHORIZATION.—

[(1) PROGRAM AUTHORIZED.—From sums appropriated pursuant to the authority of subsection (k) in any fiscal year, the Secretary shall, in accordance with this subpart, provide financial assistance to the National Board for Professional Teaching Standards, in order to pay the costs of the activities described in subsection (d).

[(2) TERMS AND CONDITIONS.—(A) No financial assistance may be made available under this subpart except upon an application as required by subsection (e).

[(B) No financial assistance may be made available under this subpart unless the Secretary determines that—

[(i) the Board will comply with the provisions of this subpart;

[(ii) the Board will use the Federal funds only for research and development activities in accordance with subsection (d) and such teacher assessment and certification procedures will be free from racial, cultural, gender or regional bias;

[(iii) the Board—

[(I) will widely disseminate for review and comment announcements of specific research projects to be conducted with Federal funds, including a description of the goals and focus of the specific project involved and the specific merit review procedures and evaluation criteria to be used in the competitive award process; and

[(II) will send such announcements to the Secretary, the Director, the National Research Council, and the educational research community;

[(iv) the Secretary, pursuant to an arrangement with the Board, will publish the announcements described in clause (iii) in the Federal Register (or such other publication deemed appropriate by the Secretary) and in publications of general circulation designed to disseminate such announcements widely to the educational research community;

[(v) the Board will, after offering any interested party an opportunity to make comment upon, and take exception to, the projects contained in the announcements described in clause (iii) for a 30-day period following publication, and after reconsidering any project upon which comment is made or to which exception is taken, issue through the Secretary a request for proposals in the Federal Register (or such other publication deemed appropriate by the Secretary) containing any revised project information;

[(vi) the Board will make awards of Federal funds competitively on the basis of merit, and, in the award process, the Board will select, to the extent practicable consistent with standards of excellence—

[(I) a broad range of institutions associated with educational research and development; and

[(II) individuals who are broadly representative of the educational research and teaching communities with expertise in the specific area of research and development in question;

[(vii) the Board will adopt audit practices customarily applied to nonprofit private organizations and will comply with subsection (g)(4);

[(viii) the Board will not use Federal funds to meet the administrative and operating expenses of the Board;

[(ix) the Board will submit an annual report to the Congress in accordance with the provisions of subsection (g)(1); and [(x) the Board will, upon request, disseminate to States, local educational agencies, or other public educational entities the results of any research or research project produced with funds authorized by this subpart, upon the payment of the cost of reproducing the appropriate material.

[(3) AVAILABILITY OF FUNDS.—(A) Notwithstanding any other provision of law, funds appropriated to carry out this subpart shall remain available for obligation and expenditure until the end of the second fiscal year succeeding the fiscal year for which the funds were appropriated.

[(B) No funds shall be made available to the Board after September 30, 1997, except as authorized by subparagraph (A) of this subsection.

[(c) CONSULTATION.—The Board shall consult at least twice annually with the Committee on the design and execution of its overall research and development strategy, including procedures to assure compliance with the requirements of this subpart. The procedures shall include—

[(1) an outline of specific research and development agenda and activities to be conducted with the Federal funds; and

[(2) provisions to ensure compliance with the open competition and merit review requirements of this subpart for proposals and projects assisted under this subpart.

[(d) AUTHORIZED ACTIVITIES.—

[(1) IN GENERAL.—Federal funds received under this subpart may only be used for research and development activities directly related to the development of teacher assessment and certification procedures for elementary and secondary school teachers.

[(2) PRIORITIES.—(A) The Board shall give priority to research and development activities in—

[(i) mathematics;

[(ii) the sciences;

[(iii) foreign languages; and

[(iv) literacy, including the ability to read, write and analyze.

[(B) The Board shall give priority to research and development activities for the certification of elementary and secondary school teachers and the need and ability of such teachers to teach special educational populations, including—

[(i) limited English proficient children;

[(ii) gifted and talented children;

[(iii) children with disabilities; and

[(iv) economically and educationally disadvantaged children.

[(e) APPLICATION.—

[(1) IN GENERAL.—The Board shall submit applications to the Secretary at such time and in such manner as the Secretary may reasonably require. Each such application shall—

[(A) describe the activities for which assistance is sought; and

[(B) provide assurances that the non-Federal share of the cost of activities of the Board is paid from non-Federal sources, together with a description of the manner in which the Board will comply with the requirements of this subparagraph.

[(2) APPROVAL.—The Secretary shall approve an application unless such application fails to comply with the provisions of this subpart.

[(f) MATCHING FUNDS REQUIREMENT.—

[(1) IN GENERAL.—The Secretary shall not provide financial assistance under this subpart to the Board unless the Board agrees to expend non-Federal contributions equal to $1 for every $1 of the Federal funds provided pursuant to such financial assistance.

[(2) NON-FEDERAL CONTRIBUTIONS.—The non-Federal contributions described in paragraph (1)—

[(A) may include all non-Federal funds raised by the Board on or after January 1, 1987; and

[(B) may be used for outreach, implementation, administration, operation, and other costs associated with the development and implementation of national teacher assessment and certification procedures under this subpart.

[(g) REPORTS AND AUDITING PROVISION.—

[(1) NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS REPORT.—The Board shall submit an annual report to the appropriate committees of the Congress not later than June 30 of any fiscal year in which Federal funds are expended pursuant to this subpart. The Board shall disseminate the report for review and comment to the Department of Education, the National Science Foundation, the National Research Council, and the education research community. The report shall—

[(A) include a detailed financial statement and a report of the audit practices described in subsection (b)(2)(B)(vii);

[(B) include a description of the general procedures to assure compliance with the requirements of this subpart as required in subsection (d); and

[(C) provide a comprehensive and detailed description of the Board's agenda, activities, and planned activities for the preceding and succeeding fiscal years, including—

[(i) the Board's overall research and development program and activities;

[(ii) the specific research and development projects and activities conducted with Federal funds during the preceding fiscal year, including—

[(I) a description of the goals and methodology of the project;

[(II) a description and assessment of the findings (or status and preliminary findings if the project is not yet completed);

[(III) a description of the competitive bidding process, the merit review procedures, and the evaluation criteria used to award project funds; and

[(IV) a description of the Board's plans for dissemination of the findings described in clause (ii);

[(iii) the specific research and development projects and activities planned to be conducted with Federal funds during the succeeding fiscal year, including the goals and methodologies to be used; and

[(iv) a listing of available publications of the Board, including publications related to policies, standards and general information, research reports, and commissioned papers of the Board.

[(2) FIRST ANNUAL REPORT.—The first annual report required by this subsection shall include a description of the Board's research and development agenda for the succeeding 5-year period. Such first report shall include to the maximum extent practicable, a description of specific research and development projects and activities, and the goals and methodologies of such projects and activities.

[(3) ADDITIONAL REPORTS.—The Secretary, the Director, and the National Research Council shall report to the appropriate committees of the Congress on the compliance of the Board with the requirements of this part not later than 30 days after the Board submits its annual report pursuant to paragraph (1).

[(4) AUDITING PROVISION.—The Comptroller General of the United States, and any of the Comptroller's authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the Board, and to any recipient of the Board, that is pertinent to the sums received and disbursed under this subpart.

[(h) EVALUATION.—

[(1) IN GENERAL.—After September 30, 1995, the Secretary shall reserve not more than 2 percent of the amount appropriated pursuant to the authority of subsection (k) to provide for an independent, ongoing evaluation of the research program of teacher assessments carried out by the Board and the fairness and the accuracy of the data such evaluations produce. The evaluation shall include an analysis of the impact of teacher assessments on minority teachers. The findings of the evaluation shall be submitted to the Labor and Human Resources Committee of the Senate and the Education and Labor Committee of the House of Representatives.

[(2) SPECIAL RULE.—The Secretary shall enter into a contract for the performance of the evaluation described in paragraph (1) with a nationally recognized organization (such as the National Academy of Sciences or the National Academy of Education).

[(i) CONSTRUCTION.—Nothing in this subpart shall be construed to—

[(1) establish a preferred national curriculum or preferred teaching methodology for elementary and secondary school instruction;

[(2) infringe upon the rights and responsibilities of the States to license elementary and secondary school teachers;

[(3) infringe upon the practice or accreditation of home school or private school teaching;

[(4) provide an individual certified by the Board with a right of action against a State, local educational agency, or other public educational entity for any decisions related to hiring, promotion, retention or dismissal;

[(5) authorize the Board to—

[(A) study, create, or promulgate separate standards applicable to home school or private school teachers;

[(B) take any action to require home school, private school, or public school teachers to participate in any program offered by the Board; or

[(C) take any action that infringes in any manner on the right of parents to direct the education of their children; or

[(6) authorize the Secretary to exercise supervision or control over the research program, standards, assessment practices, administration, or staffing policies of the Board.

[(j) VOLUNTARY PARTICIPATION.—Notwithstanding any other provision of this subpart, voluntary participation in certification assessments by the Board shall be open to home school, private school, and public school teachers.

[(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $20,000,000 for the period beginning October 1, 1992, and ending September 30, 1997, to carry out the provisions of this subpart.

[Subpart 3—Class Size Demonstration Grant

[SEC. 561. PURPOSE.

[It is the purpose of this subpart to provide grants to local educational agencies to enable such agencies to determine the benefits in various school settings of reducing class size on the educational performance of students and on classroom management and organization.

[SEC. 562. PROGRAM AUTHORIZED.

[(a) PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary shall carry out a program of awarding grants, in accordance with the provisions of this subpart, to local educational agencies to pay the Federal share of the costs of conducting demonstration projects that demonstrate methods of reducing class size which may provide information meaningful to other State and local educational agencies.

[(2) FEDERAL SHARE.—The Federal share shall be 50 percent.

[(b) RESERVATION.—The Secretary may reserve not more than 5 percent of the amount appropriated pursuant to the authority of section 565A in each fiscal year to carry out the evaluation activities described in section 565.

[(c) SELECTION CRITERIA.—The Secretary shall make grants to local educational agencies on the basis of—

[(1) the need and the ability of a local educational agency to reduce the class size of an elementary or secondary school served by such agency;

[(2) the ability of a local educational agency to furnish the non-Federal share of the costs of the demonstration project for which assistance is sought;

[(3) the ability of a local educational agency to continue the project for which assistance is sought after the termination of Federal financial assistance under this subpart; and

[(4) the degree to which a local educational agency demonstrates in the application submitted pursuant to section 564 consultation in program implementation and design with parents, teachers, school administrators, and local teacher organizations, where applicable.

[(d) PRIORITY.—In awarding grants under this subpart, the Secretary shall give priority to demonstration projects that involve at-risk students, including educationally or economically disadvantaged students, students with disabilities, limited-English proficient students, and young students.

[(e) GRANTS MUST SUPPLEMENT OTHER FUNDS.—A local educational agency shall use the Federal funds received under this subpart to supplement and not supplant other Federal, State and local funds available to the local educational agency.

[SEC. 563. PROGRAM REQUIREMENTS.

[(a) ANNUAL COMPETITION.—In each fiscal year, the Secretary shall announce the factors to be examined in a demonstration project assisted under this subpart. Such factors may include—

[(1) the magnitude of the reduction in class size to be achieved;

[(2) the level of education and the subject areas in which the demonstration projects shall occur;

[(3) the form of the instructional strategy to be demonstrated; and

[(4) the duration of the project.

[(b) RANDOM TECHNIQUES AND APPROPRIATE COMPARISON GROUPS.—Demonstration projects assisted under this subpart shall be designed to utilize randomized techniques or appropriate comparison groups, where feasible.

[SEC. 564. APPLICATION.

[(a) IN GENERAL.—In order to receive a grant under this subpart a local educational agency shall submit an application to the Secretary that is responsive to the announcement described in section 563(a), at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(b) DURATION.—The Secretary shall encourage local educational agencies to submit applications under this subpart for a period of 3 years.

[(c) CONTENTS.—Each application submitted pursuant to subsection (a) shall include—

[(1) a description of the objectives to be attained with the financial assistance made available under this subpart and the manner in which such financial assistance shall be used to reduce class size;

[(2) a description of the steps to be taken to achieve target class sizes, including, where applicable, the acquisition of additional teaching personnel and classroom space;

[(3) a statement of the methods for the collection of data necessary for the evaluation of the impact of class size reduction programs on student achievement;

[(4) an assurance that the local educational agency shall pay from non-Federal sources the non-Federal share of the costs of the demonstration project for which assistance is sought; and

[(5) such additional assurances as the Secretary may reasonably require.

[(d) SUFFICIENT SIZE AND SCOPE REQUIRED.—The Secretary shall only award grants under this subpart to applicants having applications which describe projects of sufficient size and scope to contribute to carrying out the purposes of this subpart.

[SEC. 565. EVALUATION AND DISSEMINATION.

[(a) NATIONAL EVALUATION.—The Secretary shall conduct a national evaluation of the demonstration projects assisted under this subpart to determine the costs incurred in achieving the reduction in class size and the effects of the reductions on outcomes, such as student performance in the affected subjects or grades, attendance, discipline, classroom organization, management, and teacher satisfaction and retention.

[(b) COOPERATION.—Each local educational agency receiving a grant under this subpart shall cooperate in the national evaluation described in subsection (a) and shall provide such information to the Secretary as the Secretary may reasonably require.

[(c) REPORTS.—The Secretary shall report to the Congress on the results of the evaluation conducted pursuant to subsection (a).

[(d) DISSEMINATION.—The Secretary shall widely disseminate information about the results of the class size demonstration projects assisted under this subpart.

[SEC. 565A. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $3,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 4—Middle School Teaching Demonstration Programs

[SEC. 566. STATEMENT OF PURPOSE.

[It is the purpose of this subpart to provide financial assistance to institutions of higher education which offer teacher training or retraining programs to develop model programs with a specialized focus on teaching grades 6 through 9.

[SEC. 567. DEFINITIONS.

[As used in this subpart:

[(1) The term "developmentally appropriate" means a program that is appropriate for a child's age and all areas of an individual child's development, including educational, physical, emotional, social, cognitive, and communication.

[(2) The term "middle school" means a school which enrolls students in at least two of the grades 6, 7, 8, and 9.

[SEC. 568. PROGRAM AUTHORIZED.

[(a) In General.—The Secretary is authorized to make grants, on a competitive basis, to institutions of higher education to develop model programs with a specialized focus on teaching grades 6 through 9.

[(b) Special Rule.—

[(1) Equitable distribution.—The Secretary shall ensure an equitable geographic distribution of grants awarded under this subpart.

[(2) Consideration.—The Secretary shall take into consideration equitable levels of funding for urban and rural areas in awarding grants under this subpart.

[(c) Grant Period.—Grants under this subpart may be awarded for a period not to exceed 3 years.

[(d) Funding Limitation.—Grants awarded under this subpart may not exceed $250,000 in the first year of funding.

[SEC. 569. APPLICATION.

[(a) In General.—Each institution of higher education desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

[(b) Contents.—Each application submitted pursuant to subsection (a) shall demonstrate that—

[(1) the applicant will establish and maintain a program of teacher training or retraining designed to offer specialized preparation for individuals teaching grades 6 through 9;

[(2) the applicant has designed a program of teacher training or retraining which includes—

[(A) a study of adolescent development (including cognitive, social, and emotional) with particular emphasis on early adolescent development;

[(B) a study of the influence of institutions such as schools, families, and peer groups in the socialization of adolescents;

[(C) information concerning the organization of schools for students in grades 6 through 9, with particular emphasis on developmentally appropriate school and classroom organization and practices;

[(D) training in at least 2 subject areas and related instructional strategies;

[(E) direct experience through internships in middle grade schools under the guidance of teachers who demonstrate exemplary classroom practices;

[(F) strategies for the prevention and detection of high risk behavior, particularly drug and alcohol abuse, and for the enhancement of self esteem among adolescents;

[(G) a study of effective methods and models of presenting substance abuse information and education to adolescent students; and

[(H) methods of encouraging parental and community involvement with middle schools; and

[(3) the program will be designed and operated with the active participation of classroom teachers and will include an inservice training component.

[SEC. 570. REPORTS AND INFORMATION DISSEMINATION.

[Each institution of higher education receiving a grant under this subpart shall submit to the Secretary such reports and other information regarding programs conducted under this subpart as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education, State educational agencies, and local educational agencies.

[SEC. 570A. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.

[PART E—MINORITY TEACHER RECRUITMENT

[Subpart 1—New Teaching Careers

[SEC. 571. STATEMENT OF PURPOSE.

[It is the purpose of this subpart to establish and operate new career programs to attract minority candidates, who are in school support or paraprofessional positions in shortage area schools serving disadvantaged students, to careers as certified or licensed teachers.

[SEC. 572. STATE GRANT AUTHORITY; APPLICATIONS.

[(a) AUTHORITY.—

[(1) GRANTS BY SECRETARY.—In any fiscal year in which appropriations for this subpart do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with this subpart, to award grants, on a competitive basis, to States to enable States to pay the Federal share of supporting programs that carry out the purpose of this subpart.

[(2) STATE GRANT PROGRAM.—In any fiscal year in which appropriations for this subpart equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States in accordance with allocations under subsection (b) to enable States to pay the Federal share of supporting programs that carry out the purposes of this subpart.

[(b) ALLOCATION AMONG STATES.—Except as provided in subsection (a)(1), each State shall be eligible to receive a grant under this subpart in each fiscal year that bears as nearly as possible the same ratio to the amount appropriated under section 576C as the allocation of funds under part A of title I of the Elementary and Secondary Education Act of 1965 in that State bears to the total allocation of such funds in all States, except that no State grant shall be less than $500,000 in any fiscal year.

[(c) DURATION OF GRANT.—Each grant awarded under this subpart shall be awarded for a term of 5 years, subject to the availability of appropriations.

[(d) FEDERAL SHARE.—The Federal share of each grant awarded under this subpart shall be 75 percent in the first year in which the State receives a grant, 65 percent in the second such year, 55 percent in the third such year, 45 percent in the fourth such year, and 35 percent in the fifth such year.

[(e) NON-FEDERAL SHARE.—The non-Federal share of each grant awarded under this subpart may be in cash or in kind fairly evaluated, including planned equipment or services.

[(f) SUBMISSION OF STATE APPLICATIONS.—In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall—

[(1) contain assurances that the State will award grants on a competitive basis to eligible recipients submitting applications described in section 574;

[(2) set forth a program of activities for carrying out the purposes set forth in this subpart in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

[SEC. 573. AGREEMENTS.

[Each State receiving a grant under this subpart shall enter into an agreement with the Secretary. Each such agreement shall include provisions designed to ensure that—

[(1) the State educational agency, the State higher education agency, or the State agency which administers subpart 4 of part A of title IV, relating to State student incentive grants, will administer the program authorized by this subpart in the State;

[(2) the State educational agency or higher education agency will use not more than 5 percent of the grant it receives for administrative expenses;

[(3) the State educational agency or higher education agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary; and

[(4) the State will establish a system for the evaluation of the programs assisted under this subpart.

[SEC. 574. APPLICATION.

[(a) IN GENERAL.—A grant under this subpart may be made only to an eligible recipient which submits an application to the State containing or accompanied by such information as the State may reasonably require.

[(b) CONTENTS OF APPLICATION.—Each such application shall—

[(1) describe the activities and services for which assistance is sought;

[(2) set forth the number of expected participants in each program assisted under this subpart;

[(3) demonstrate steps on a career ladder leading to the position of fully credentialed teacher, ranging from nonskilled entry positions, extending through intermediate subprofessional functions, and terminating in full professional status as a certified teacher duly recognized by the appropriate State agency;

[(4) contain assurances that advancement within such career ladders would be based on merit, but that the opportunity for professional growth is available to all;

[(5) demonstrate a plan for employing permanently individuals who have participated in the program at their new level of training, including individuals who terminate the program at a level below that of fully credentialed teacher;

[(6) demonstrate a plan for bringing a sizable portion of the educational program and coursework to the place of the participant's employment;

[(7) demonstrate a plan for providing academic credit for inservice training and other relevant experience as well as formal academic coursework;

[(8) provide for participation of individuals who have attained various levels of education, including individuals who have not completed high school, with special consideration for such participation given to individuals already serving within the school system;

[(9) provide assurances that the program assisted under this subpart will be available to individuals with disabilities; and

[(10) contain such other assurances as the State may reasonably require.

[SEC. 575. REQUIREMENTS.

[(a) GENERAL REQUIREMENTS.—An eligible recipient of a grant under this subpart shall require that any paraprofessional who receives student financial assistance under this subpart and who becomes a fully certified or licensed teacher enter into an agreement under which the paraprofessional shall—

[(1) within the 10-year period after completing the postsecondary education for which the assistance was provided, act as an educational professional or a paraprofessional in the local educational agency that is a consortium member of the eligible recipient providing such assistance, or, if no teaching position is offered by such local educational agency, in a shortage area school approved by the State for a period of not less than one year for each full-time academic year or equivalent for which the assistance was received;

[(2) provide to the State evidence of compliance with paragraph (1); and

[(3) repay that portion of the student financial assistance received under this subpart which was provided for tuition, plus interest and reasonable collection costs (if applicable), in the event that the teacher fails to comply with the conditions of paragraph (1), in accordance with the regulations prescribed by the Secretary under section 527, except that the provisions of this paragraph shall not apply to anyone for whom no teaching position was made available by the local educational agency or State, or in the circumstances provided in section 528.

[(b) AMOUNT OF FINANCIAL ASSISTANCE.—The amount of financial assistance awarded under this subpart shall be reduced by the amount that the financial assistance exceeds the student's cost of attendance, as defined in section 472. Financial assistance awarded under this subpart shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

[SEC. 576. SPECIAL CONSIDERATION.

[In awarding grants under this subpart, the State shall give special consideration to—

[(1) programs designed to identify, recruit, and certify—

[(A) speakers of non-English languages who have been trained as teachers in their home country; or

[(B) individuals already employed in a local educational agency; and

[(2) eligible recipients located in shortage areas as defined in section 576B.

[SEC. 576A. USE OF FUNDS.

[Funds provided to eligible recipients pursuant to this subpart may be used for—

[(1) tuition or part or all of the costs of attendance (as determined under section 472) for participants in programs assisted under this subpart;

[(2) the release time of such participants;

[(3) instructional and supportive services for such participants in such programs; and

[(4) stipends for child care to such participants whose academic coursework takes place outside the normal workday.

[SEC. 576B. DEFINITIONS.

[For the purpose of this subpart—

[(1) the term "certified or licensed teacher" means an individual who possesses a document certifying that the individual has met the requirements of a State for employment as a teacher in the public schools of that State (including individuals who have been certified as specialists in preschool and early childhood education);

[(2) the term "eligible recipient" means a consortium of—

[(A) an institution of higher education, and

[(B) one or more local educational agencies.

[(3) the term "paraprofessional" means an individual with at least a high school diploma or recognized equivalent who is employed in a preschool or elementary or secondary school under the supervision of a certified or licensed teacher, including individuals employed in bilingual education, special education, and migrant education;

[(4) the term "school support" means an individual who is employed by a local educational agency; and

[(5) the term "shortage area" means (A) an area the Secretary has designated as an area with a shortage of elementary and secondary school teachers, or (B) a shortage in a designated subject area as described in section 530A of this Act.

[SEC. 576C. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

[Subpart 2—Programs to Encourage Minority Students to Become Teachers

[SEC. 577. STATEMENT OF PURPOSE.

[It is the purpose of the program conducted pursuant to section 578 to carry out activities designed to—

[(1) improve recruitment and training opportunities in education for minority individuals, including language minority individuals;

[(2) increase the number of minority teachers, including language minority teachers, in elementary and secondary schools; and

[(3) to identify and encourage minority students in the 7th through the 12th grades to aspire to, and to prepare for, careers in elementary and secondary school teaching.

[SEC. 578. PARTNERSHIP GRANTS AUTHORIZED.

[(a) Authority.—The Secretary is authorized to make grants to pay the Federal share of carrying out the purposes of this subpart to a partnership between—

[(1) one or more institutions of higher education which have a demonstrated record and special expertise in carrying out the purposes of this subpart; and

[(2)(A) one or more local educational agencies;

[(B) a State educational agency or a State higher education agency; or

[(C) community-based organizations.

[(b) Federal Share.—The Federal share of each grant awarded under this section shall be 50 percent.

[(c) Non-Federal Share.—The non-Federal share of each grant awarded under this section may be in cash or kind fairly evaluated, including planned equipment or services.

[(d) Administrative Costs.—Not more than 5 percent of any grant awarded under this section may be used for administrative expenses.

[SEC. 579. PARTNERSHIP AGREEMENT.

[(a) In General.—In order to be eligible for a grant under section 578, a partnership shall enter into a written partnership agreement. All partners shall sign the agreement.

[(b) Contents of Agreement.—The agreement shall include—

[(1) a listing of all participants in the partnership;

[(2) a description of the responsibilities of each participant in the partnership; and

[(3) a listing of the resources, if any, to be contributed to the partnership.

[(c) Selection Criteria.—In making grants under section 578, the Secretary shall approve applications which contain provision for projects designed to carry out the purposes described in section 577 and which—

[(1) identify students who indicate an interest in entering the teaching profession, and provide such individuals with support programs such as—

[(A) scholarship funds to meet expenses;

[(B) remedial and tutoring programs;

[(C) counseling and support services;

[(D) academic advice and guidance in course selection to prepare for teacher certification;

[(E) information and advice regarding eligibility for membership in the Teacher Corps established under subpart 3 of part C of this title, and other financial assistance programs;

[(F) teaching mentors;

[(G) motivational activities;

[(H) teaching skill development;

[(I) future teacher clubs; and

[(J) instruction in test-taking skills.

[(2) establish or strengthen teacher training programs;

[(3) establish or enhance early identification/articulation partnership programs with secondary schools and community colleges;

[(4) establish partnerships with graduate schools of education to foster and facilitate the movement of minority students into post-graduate studies;

[(5) establish programs and activities which foster and facilitate the movement of students interested in pursuing teaching careers from 2-year institutions to 4-year institutions, focusing particular attention on facilitating the transfer of academic credit; and

[(6) improve existing assessment practices that determine an individual's qualifications to become a teacher.

[SEC. 580. APPLICATION FOR TEACHER PARTNERSHIPS PROGRAM.

[(a) Application Required.—A partnership desiring to receive a grant under section 578 shall submit an application to the Secretary.

[(b) Contents of Application.—The application shall include—

[(1) the written and signed partnership agreement required by section 579;

[(2) set forth the individuals to be served;

[(3) a listing of the elementary, if applicable, and secondary schools of the local educational agency to be involved in the program assisted under this subpart;

[(4) a description of the services and activities to be offered under the program assisted under this subpart; and

[(5) such additional information and assurances as the Secretary may reasonably require.

[(c) State Educational Agency Review.—Each application from a partnership for a grant under section 578 shall be forwarded to the appropriate State educational agency (unless the State educational agency is a member of the partnership) for review and comment if the State educational agency requests the opportunity for such a review. The State educational agency must complete a review of such application and comment to the Secretary within 30 calendar days of receipt. Failure of the State educational agency to submit comments to the Secretary shall not prejudice such application.

[SEC. 580A. TEACHER PLACEMENT PROGRAM.

[(a) GRANTS AUTHORIZED.—

[(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education that have schools or departments of education to pay the Federal share of developing and carrying out programs and activities designed to—

[(A) prepare and train students to become elementary and secondary school teachers; and

[(B) to the extent practicable, place the students as teachers in urban and rural public or private nonprofit elementary or secondary schools where at least 50 percent of students enrolled are from minority groups.

[(2) FEDERAL SHARE.—The Federal share of each grant awarded under this section shall be 50 percent.

[(3) NON-FEDERAL SHARE.—The non-Federal share of each grant awarded under this section may be in cash or in kind fairly evaluated, including planned equipment or services.

[(b) USE OF FUNDS.—Grants under this section may be used for the costs of developing and carrying out the program of teacher preparation, training, and placement described in subsection (a).

[(c) APPLICATIONS.—No grant may be made under this section unless an application to the Secretary is made by the institution of higher education at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(d) SPECIAL CONSIDERATION.—The Secretary is authorized, in making grants under this section, to give special consideration to historically Black colleges and universities and to institutions which—

[(1) are eligible to receive funds under part C of title X; and

[(2) have enrollments of at least 50 percent minority students in their teacher education programs.

[(e) PERFORMANCE INCENTIVE.—In any fiscal year beginning after September 30, 1993, the Secretary may, based upon evaluation and monitoring of programs assisted under this section, increase the Federal share for a recipient of funds under this section for the succeeding fiscal year to 75 percent, if the Secretary determines that there is demonstrated success in the operation of the program assisted by such recipient.

[(f) ADMINISTRATIVE COSTS.—Not more than 5 percent of any grant awarded under this section may be used for administrative expenses.

[SEC. 580B. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $15,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years, of which not more than ⅔ shall be available to carry out programs under section 578 and not less than ⅓ shall be available to carry out programs under section 580A.

[PART F—PROGRAMS FOR SPECIAL POPULATIONS

[Subpart 1—National Mini Corps Program

[SEC. 581. NATIONAL MINI CORPS.

[(a) PROGRAM AUTHORIZED.—The Secretary is authorized to make grants to institutions of higher education to enable such institutions to establish partnerships with local educational agencies to carry out the purposes of the National Mini Corps Program.

[(b) DEFINITIONS.—As used in this subpart—

[(1) the term "children" means children who are eligible to receive services under part A or C of title I of the Elementary and Secondary Education Act of 1965; and

[(2) the term "individual" (A) has the same meaning as the terms "first generation college student" and "low income individual" as defined under section 402A(g) of this Act, or (B) means a student enrolled in an institution of higher education who is the child of current or former migratory workers (including migratory agricultural dairy workers) or of migratory fishermen.

[(c) PURPOSE OF THE PROGRAM.—It is the purpose of the National Mini Corps Program to—

[(1) provide individuals who are enrolled or plan to enroll in an institution of higher education with advisement, training, and instructional services, and to encourage individuals to be role models for children;

[(2) provide outreach and recruitment services to encourage individuals to enroll in teacher education programs;

[(3) provide support and instructional services to individuals who are enrolled in an institution of higher education to enable such individuals to provide direct instructional services, which are coordinated with the overall educational goals of the State or local educational agency, to children eligible to receive services under title I of the Elementary and Secondary Education Act of 1965 during the regular school year or summer term. Such support and services may include—

[(A) lessons and provision of materials that meet the academic needs of children in the classroom;

[(B) supplemental instruction to reinforce the basic skills and concepts provided through instruction by the teacher;

[(C) instruction in other subject areas;

[(D) academic assistance, home visits, parental involvement, parent-student advisement services, and family advocacy; and

[(E) stipends for individuals who participate in the program assisted under this subpart for at least 10 but not more than 15 hours per week;

[(4) designate college coordinators at participating institutions of higher education to train, supervise, and assign individuals to carry out the activities of this subpart in cooperation with State and local educational agencies in which children with special needs have been identified; and

[(5) support other appropriate activities related to encouraging individuals to enter the teaching profession and to provide a link to the community.

[(d) APPLICATION REQUIRED.—Institutions of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary which shall include—

[(1) a written partnership agreement with the State and local educational agency in which the children have been identified for participation in the activities under this subpart;

[(2) a description of the strategies that will be employed to engage the community generally in the activities and programs supported by the programs under this subpart;

[(3) a description of the process by which individuals will be recruited and selected to participate in the programs assisted under this subpart;

[(4) a description of the programs and activities which will be supported by the programs under this subpart; and

[(5) such other information as the Secretary considers necessary to determine the nature of the local needs, the quality of the proposed Mini Corps Program, and the capability of the applicant to implement the proposed Mini Corps Program.

[(e) AWARDING OF GRANTS.—In awarding grants under this subpart, the Secretary shall ensure, to the extent practicable, that—

[(1) grants are equitably distributed on a geographic basis throughout the Nation and among a variety of communities;

[(2) the amount of the grant awarded is proportionate to the number of individuals and children who, on the basis of the grant application, are expected to be involved in the programs and activities supported by the National Mini Corps; and

[(3) not less than 30 percent of the grants awarded under this subpart are awarded for programs serving migrant students and children.

[(f) USES OF FUNDS.—Funds provided under this part may be used for planning, implementing and operating a National Mini Corps Program, except that not more than 5 percent of any grant received under this subpart may be used for administrative costs.

[(g) EVALUATION.—The Secretary shall, by January 1, 1996, evaluate the demonstration program assisted under this part and report the results of such evaluation to the appropriate committees of the Congress.

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[Subpart 2—Foreign Language Instruction

[SEC. 586. DEMONSTRATION GRANTS FOR CRITICAL LANGUAGE AND AREA STUDIES.

[(a) PROGRAM AUTHORITY.—The Secretary is authorized to make demonstration grants to eligible consortia to enable such eligible consortia to—

[(1) operate critical language and area studies programs;

[(2) develop and acquire educational equipment and materials; and

[(3) develop teacher training programs, texts, curriculum, and other activities designed to improve and expand the instruction of foreign languages at elementary and secondary schools across the Nation.

[(b) Grant Limitation.—The Secretary shall not award a grant which exceeds $2,000,000 to an eligible consortium under this section in any fiscal year, but shall award grants of sufficient size, scope and quality for a program of comprehensive instruction of foreign languages.

[(c) Special Rules.—

[(1) Priority.—In awarding grants under this section, the Secretary shall give priority to eligible consortia with demonstrated, proven effectiveness in the field of critical language and area studies and which have been in existence for at least 1 year prior to applying for a grant under this section.

[(2) Equitable distribution.—In awarding grants under this section, the Secretary shall take into consideration providing an equitable geographic distribution of such grants among the regions of the United States.

[(3) Program requirement.—Each eligible consortium receiving a grant under this section shall include in the activities assisted pursuant to such grant, a study abroad or cultural exchange program.

[(d) Eligible Consortium.—

[(1) In general.—For the purposes of this section, the term "eligible consortium" means a cooperative effort between entities in one or more States that must include at least 4 schools, of which—

[(A) one shall be an institution of higher education;

[(B) one shall be a secondary school with experience in teaching critical languages;

[(C) one shall be a secondary school with experience in teaching critical languages and in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965; and

[(D) one shall be a secondary school in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965.

[(2) Nonprofit organizations.—Each eligible consortium described in paragraph (1) may include a nonprofit organization to provide services not otherwise available from the entities described in paragraph (1).

[(e) Administration.—Each eligible consortium receiving a grant under this section may use not more than 10 percent of such grant for administrative expenses.

[(f) Application.—

[(1) In general.—Except as provided in paragraph (2), each eligible consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(2) SPECIAL RULE.—The State educational agency or State higher education agency responsible for the supervision of any one school participating in an eligible consortium may submit the application described in paragraph (1) on behalf of such eligible consortium.

[(g) DEFINITIONS.—For purposes of this section, the term "critical language" means each of the languages contained in the list of critical foreign languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413).

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[SEC. 587. DEVELOPMENT OF FOREIGN LANGUAGE AND CULTURE INSTRUCTIONAL MATERIALS.

[(a) GRANTS AUTHORIZED.—The Secretary is authorized to provide one or more grants on a competitive basis to a State or local educational agency, an institution of higher education, a private nonprofit foreign language organization, a nonprofit education association, or a consortium thereof, to enable such entity to act as a resource center for—

[(1) coordinating the development of and disseminating foreign language and culture instructional material, including children's literature in foreign languages, videotapes and computer software, and teacher's instructional kits relating to international study; and

[(2) encouraging the expanded use of technology in teaching foreign languages and culture at the elementary school level and, when the needs of elementary schools have been met, at the secondary school level, with a particular emphasis on expanding the use of technology in teaching foreign languages and culture at elementary and secondary schools that have proportionally fewer resources available for teaching foreign languages and cultures, including schools in urban and rural areas.

[(b) COORDINATION.—In developing materials and technologies under this section, the Secretary shall, where appropriate, make use of materials and technologies developed under the Star Schools Program Assistance Act.

[(c) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated $4,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[Subpart 3—Small State Teaching Initiative

[SEC. 591. MODEL PROGRAMS AND EDUCATIONAL EXCELLENCE.

[(a) PURPOSE.—It is the purpose of this section to provide sufficient funds to small States to enable such States to develop model programs for educational excellence, teacher training and educational reform.

[(b) PROGRAM AUTHORIZED.—

[(1) AUTHORITY.—The Secretary is authorized to make grants to small States in order to enable such States to make grants to eligible institutions for the purpose of enhancing and improving the quality of teacher education, training, and recruitment in the Nation's smallest States.

[(2) EQUITABLE DISTRIBUTION.—The Secretary shall award grants described in paragraph (1) in equal amounts among small States having applications approved under subsection (e).

[(c) INSTITUTIONAL USE OF FUNDS.—Eligible institutions receiving funds under this section may use such funds for the development of innovative teaching techniques and materials, preservice and inservice training programs, renovation of training facilities and construction of model classrooms.

[(d) DEFINITIONS.—

[(1) SMALL STATE.—For the purposes of this section the term "small State" means a State the total population of which is less than 1,108,500 as reported in the 1990 Census of Population and Housing.

[(2) ELIGIBLE INSTITUTION.—For the purposes of this section, the term "eligible institution" means any institution of higher education (as such term is defined in section 1201(a)) that is located in a small State and that provides a course of study which prepares an individual to become a classroom teacher.

[(e) APPLICATION.—Any eligible institution which desires to receive a grant under this section shall submit to the State an application which—

[(1) if the State educational agency is not administering the program assisted under this subpart, certifies that the State educational agency has participated in the development of the application;

[(2) provides for a process of active discussion and consultation with an advisory committee convened by the State educational agency and the eligible institution; and

[(3) describes how the institution will use the funding.

[(f) AUTHORIZATION OF APPROPRIATIONS.—For the purposes of this part there are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary in each of the 4 succeeding fiscal years.

[Subpart 4—Faculty Development Grants

[SEC. 593. TRAINING GRANTS.

[(a) GRANTS AUTHORIZED.—The Secretary is authorized to award grants to institutions of higher education to enable such institutions to—

[(1) develop model programs that provide training to secondary school faculty to prepare students with disabilities for postsecondary educational opportunities; and

[(2) establish programs of faculty development for faculty who teach in an institution of higher education to prepare such faculty for the enrollment of students with disabilities at such institution.

[(b) USE OF GRANTS.—The grants described in subsection (a) may be used to—

[(1) provide scholarships, including stipends and allowances, to faculty described in paragraph (1) or (2) of subsection (a);

[(2) develop materials and inservice programs to assist such faculty in making the curriculum at an institution of higher education accessible to students with disabilities; and

[(3) provide funds to support the release of such faculty from teaching assignments for the purpose of educating such faculty regarding the needs of students with disabilities.

[(c) SPECIAL RULES.—The Secretary shall ensure that grants awarded under subsection (a)(1) are used for programs that are in compliance with State and professionally recognized standards for the training of special education personnel.

[(d) APPLICATION.—Each institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[Subpart 5—Early Childhood Education Training

[SEC. 596. TRAINING IN EARLY CHILDHOOD EDUCATION AND VIOLENCE COUNSELING.

[(a) PROGRAM AUTHORIZED.—The Secretary shall award grants to institutions of higher education to enable such institutions to establish innovative programs to recruit and train students for careers in—

[(1) early childhood development and care, or preschool programs; or

[(2) providing counseling to young children from birth to 6 years of age who have been affected by violence and to adults who work with such young children.

[(b) APPLICATION.—An institution of higher education desiring a grant pursuant to subsection (a) shall submit an application to the Secretary at such time, in such form and containing or accompanied by such information or assurances as the Secretary may require. Each such application shall—

[(1) describe the activities and services for which assistance is sought;

[(2) contain a plan in accordance with subsection (c);

[(3) demonstrate that such institution has the capacity to implement such plan; and

[(4) provide assurances that such plan was developed in consultation with agencies and organizations that will assist the institution in carrying out such plan.

[(c) PLAN.—Each application described in subsection (a) shall contain a comprehensive plan for the recruitment, retention and training of students seeking careers in early childhood development or violence counseling. Such plan shall include a description of—

[(1) specific strategies for reaching students at secondary schools, community colleges, undergraduate institutions, or other agencies and institutions from which such students are to be drawn for participation in the program, including any partnerships with such institutions;

[(2) specific strategies for retaining such students in the program, such as summer sessions, internships, mentoring, and other activities;

[(3) methods that will be used to ensure that students trained pursuant to the plan will find employment in early childhood education, development and care, or violence counseling;

[(4) the goals, objectives, and timelines to be used in assessing the success of the plan and of the activities assisted under this section;

[(5) the curriculum and training leading to the degree or credential that prepares students for the careers described in the plan;

[(6) the special plans, if any, to assure that students trained pursuant to the plan will be prepared for serving in economically disadvantaged areas; and

[(7) sources of financial aid, to ensure that the training program offered pursuant to this section is available to all qualified students.

[(d) SELECTION AND PRIORITIES.—In evaluating the applications submitted under this section, the Secretary shall prescribe criteria regarding such evaluation and shall give priority in granting funds to institutions that—

[(1) prepare students for work in economically disadvantaged areas;

[(2) plan to focus their recruitment, retention, and training efforts on disadvantaged students; and

[(3) have demonstrated effectiveness in providing the type of training for which the institution seeks assistance under this section.

[(e) DURATION AND AMOUNT.—

[(1) DURATION.—A grant under this section shall be awarded for a period of not less than 3 years nor more than 5 years.

[(2) AMOUNT.—The total amount of the grant awarded under this section to any institution of higher education for any 1 year shall not be less than $500,000 nor more than $1,000,000.

[SEC. 597. EARLY CHILDHOOD STAFF TRAINING AND PROFESSIONAL ENHANCEMENT.

[(a) PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary shall award grants, on a competitive basis, to States in accordance with the provisions of this section.

[(2) DURATION.—Grants under this section shall be awarded for a period of 5 years.

[(b) APPLICATION.—A State desiring a grant pursuant to this section shall submit an application to the Secretary at such time, in such form and containing or accompanied by such information or assurances as the Secretary may require.

[(c) LEAD AGENCY.—

[(1) DESIGNATION OF LEAD AGENCY.—The chief executive officer of a State, in consultation with the State educational agency, desiring to receive a grant shall designate an appropriate State agency to act as the lead agency to—

[(A) administer funds received under this section;

[(B) develop a State plan pursuant to subsection (e); and

[(C) coordinate the provision of services with other appropriate Federal, State, and local programs.

[(2) ADVISORY COMMITTEE.—The lead agency shall establish an advisory committee, described in subsection (d), to assist in developing the plan required under subsection (e).

[(d) ADVISORY COMMITTEE.—Each advisory committee established pursuant to subsection (c)(2) shall consist of a representative of the following agencies, institutions, organizations, divisions, programs or departments in the State to the extent such entities exist within such State:

[(1) The lead State agency responsible for administering funds received under the Child Care and Development Block Grant Act.

[(2) Other State agencies administering or regulating childcare, early childhood development or education programs.

[(3) Institutions of higher education.

[(4) Organizations representing early childhood development staff and parents.

[(5) A local child care resource and referral agency or an organization representing local child care resource and referral.

[(6) A State Head Start association.

[(7) An organization with significant experience in training in the fields of early childhood development, early care and early education.

[(8) State agencies or departments administering or regulating employment, job training, and community development programs.

[(e) STATE PLAN.—

[(1) IN GENERAL.—Each State desiring a grant under this section shall submit, through the lead agency, a plan to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. The Secretary shall consult with the Secretary of Health and Human Services regarding the contents of such plan.

[(2) CONTENTS.—Each plan submitted pursuant to subsection (a) shall—

[(A) identify the lead agency as described in subsection (c);

[(B) assess the training offerings and content of such offerings, amount of training required for an early childhood development staff license or certificate, compensation, recruitment and turnover of staff, and any coordination of training offerings and professional growth of early childhood development staff in the State;

[(C) describe the goals of the activities assisted under this part; and

[(D) describe how the State shall—

[(i) identify and maintain a career development path, based on a progression of roles for early childhood development staff, with each role articulated with training and different levels of responsibility and suggested compensation, in such manner as will permit an individual to qualify for a more responsible role;

[(ii) ensure that trainers of early childhood development staff in the State are qualified, licensed or certified in accordance with State law;

[(iii) describe the ways in which the State will encourage the coordination of training programs among institutions of higher education, including, if practicable, transfer of credits among institutions;

[(iv) set forth the ways in which the State will pay the costs of any assessment, credentialing, certification, licensing, training offering, training inventory, increase in staff participation in training, or other services assisted by a grant under this section;

[(v) describe the ways in which the State plans to coordinate the various State and local agencies and organizations to maximize coordination of standards and requirements for certifications, licenses, and accreditations;

[(vi) describe the ways in which the State will compile and disseminate information on—

[(I) training offerings;

[(II) requirements for admission into courses and programs;

[(III) requirements for a license, certificate, credential, or degree to which such offerings may be applied;

[(IV) funding sources available for such activities; and

[(V) the cost of training offerings; and

[(vii) describe the ways in which the State will use the funds received under this section and any other funds available to the State to carry out the activities described in the State plan.

[SEC. 598. REPORT.

[Each institution of higher education or State receiving a grant under this subpart shall submit to the Secretary program reports and evaluations at such times and containing such information as the Secretary may require.

[SEC. 599. AUTHORIZATION OF APPROPRIATIONS.

[(a) TRAINING IN EARLY CHILDHOOD EDUCATION AND VIOLENCE COUNSELING.—To carry out activities described in section 596, there are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) EARLY CHILDHOOD STAFF TRAINING AND PROFESSIONAL ENHANCEMENT.—To carry out activities described in section 597, there are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.**]**

TITLE V—DEVELOPING INSTITUTIONS

PART A—HISPANIC-SERVING INSTITUTIONS

SEC. 501. PROGRAM AUTHORIZED.

The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

SEC. 502. ELIGIBILITY; DEFINITIONS.

(a) DEFINITIONS.—For the purpose of this part:

(1) HISPANIC-SERVING INSTITUTION.—The term "Hispanic-serving institution" means an institution of higher education which—

(A) is an eligible institution;

(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

(2) ELIGIBLE INSTITUTION.—The term "eligible institution" means—

(A) an institution of higher education—

(i) which has an enrollment of needy students as required by subsection (b) of this section;

(ii) except as provided in section 522(b), the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures per full-time equivalent undergraduate student of institutions that offer similar instruction;

(iii) which is—

(I) legally authorized to provide, and provides within the State, an educational program for which such institution awards a bachelor's degree; or

(II) a junior or community college;

(iv) which is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be reliable authority as to the quality of training offered or which is, according to such an agency or association, making reasonable progress toward accreditation;

(v) which meets such other requirements as the Secretary may prescribe; and

(vi) which is located in a State; and

(B) any branch of any institution of higher education described under subparagraph (A) which by itself satisfies the requirements contained in clauses (i) and (ii) of such subparagraph.

For purposes of the determination of whether an institution is an eligible institution under this paragraph, the factor described under subparagraph (A)(i) shall be given twice the weight of the factor described under subparagraph (A)(ii).

(3) LOW-INCOME INDIVIDUAL.—The term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

(4) FULL-TIME EQUIVALENT STUDENTS.—The term "full-time equivalent students" means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by 12) at such institution.

(5) JUNIOR OR COMMUNITY COLLEGE.—The term "junior or community college" means an institution of higher education—

(A) that admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit from the training offered by the institution;

(B) that does not provide an educational program for which it awards a bachelor's degree (or an equivalent degree); and

(C) that—

(i) provides an educational program of not less than 2 years that is acceptable for full credit toward such a degree, or

(ii) offers a 2-year program in engineering, mathematics, or the physical or biological sciences, designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

(6) EDUCATIONAL AND GENERAL EXPENDITURES.—For the purpose of this part, the term "educational and general expenditures" means the total amount expended by an institution of higher education for instruction, research, public service, academic support (including library expenditures), student services, institutional support, scholarships and fellowships, operation and maintenance expenditures for the physical plant, and any mandatory transfers which the institution is required to pay by law.

(7) ENDOWMENT FUND.—For the purpose of this part, the term "endowment fund" means a fund that—

(A) is established by State law, by an institution of higher education, or by a foundation that is exempt from Federal income taxation;

(B) is maintained for the purpose of generating income for the support of the institution; and

(C) does not include real estate.

(b) ENROLLMENT OF NEEDY STUDENTS.—For the purpose of this part, the term "enrollment of needy students" means an enrollment

at an institution of higher education or a junior or community college which includes—

(1) at least 50 percent of the degree students so enrolled who are receiving need-based assistance under title IV of this Act in the second fiscal year preceding the fiscal year for which the determination is being made (other than loans for which an interest subsidy is paid pursuant to section 428), or

(2) a substantial percentage of students receiving Pell Grants in the second fiscal year preceding the fiscal year for which determination is being made, in comparison with the percentage of students receiving Pell Grants at all such institutions in the second fiscal year preceding the fiscal year for which the determination is made, unless the requirement of this subdivision is waived under section 522(a).

SEC. 503. AUTHORIZED ACTIVITIES.

(a) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this part shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs.

(b) AUTHORIZED ACTIVITIES.—Grants awarded under this section shall be used for one or more of the following activities:

(1) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

(2) construction, maintenance, renovation, and improvement in classrooms, libraries, laboratories, and other instructional facilities;

(3) support of faculty exchanges, faculty development, curriculum development, academic instruction, and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

(4) purchase of library books, periodicals, and other educational materials, including telecommunications program material;

(5) tutoring, counseling, and student service programs designed to improve academic success;

(6) funds management, administrative management, and acquisition of equipment for use in strengthening funds management;

(7) joint use of facilities, such as laboratories and libraries;

(8) establishing or improving a development office to strengthen or improve contributions from alumni and the private sector;

(9) establishing or improving an endowment fund;

(10) creating or improving facilities for Internet or other distance learning academic instruction capabilities, including purchase or rental of telecommunications technology equipment or services;

(11) establishing or enhancing a program of teacher education designed to qualify students to teach in public elementary and secondary schools;

(12) establishing community outreach programs which will encourage elementary and secondary school students to develop academic skills and the interest to pursue postsecondary education;

(13) improving and expanding graduate and professional opportunities for Hispanic students; and

(14) other activities proposed in the application submitted pursuant to section 504 that—

(A) contribute to carrying out the purposes of this section; and

(B) are approved by the Secretary as part of the review and acceptance of such application.

(c) ENDOWMENT FUND LIMITATIONS.—

(1) PORTION OF GRANT.—An institution may not use more than 20 percent of its grant under this part for any fiscal year for establishing or improving an endowment fund.

(2) MATCHING REQUIRED.—An institution that uses any portion of its grant under this part for any fiscal year for establishing or improving an endowment fund shall provide an equal or greater amount for such purposes from non-Federal funds.

(3) REGULATIONS.—The Secretary shall publish rules and regulations specifically governing the use of funds for establishing or improving an endowment fund.

SEC. 504. APPLICATION PROCESS.

(a) INSTITUTIONAL ELIGIBILITY.—Each Hispanic-serving institution desiring to receive assistance under this part shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is a Hispanic-serving institution, along with such other information and data as the Secretary may by regulation require.

(b) APPLICATIONS.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the information and data submitted under subsection (a)) may submit an application for assistance under this section to the Secretary. Such application shall include—

(1) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low-income students; and

(2) such other information and assurance as the Secretary may require.

(c) PRIORITY.—The Secretary shall give priority to applications that contain satisfactory evidence that such institution has entered into or will enter into a collaborative arrangement with at least one local educational agency or community-based organization having demonstrated effectiveness to provide such agency with assistance (from funds other than funds provided under this part) in reducing Hispanic dropout rates, improving Hispanic rates of academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education.

(d) SPECIAL RULE.—For the purposes of this part, no Hispanic-serving college or university which is eligible for and receives funds under this part may concurrently receive other funds under title III.

SEC. 505. DURATION OF GRANT.

(a) AWARD PERIOD.—The Secretary may award a grant to an eligible institution under this part for 5 years, except that no institution shall be eligible to secure a subsequent 5-year grant award

under this part until two years have elapsed since the expiration of its most recent 5-year grant award.

(b) LIMITATIONS.—In awarding grants under this part the Secretary shall give priority to applicants who are not already receiving a grant under this part, except that for the purpose of this subsection a grant under section 524(a)(1) shall not be considered a grant under this part.

(c) PLANNING GRANTS.—Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of preparation of plans and applications for a grant under this part.

PART B—GENERAL PROVISIONS

SEC. 521. APPLICATIONS FOR ASSISTANCE.

(a) APPLICATIONS.—

(1) APPLICATIONS REQUIRED.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title only if the Secretary determines that—

(A) the application meets the requirements of subsection (b);

(B) the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought; and

(C) the applicant's performance goals are sufficiently rigorous as to meet the purposes of this title and the performance objectives and indicators for this title established by the Secretary pursuant to the Government Performance and Results Act.

(2) PRELIMINARY APPLICATIONS.—In carrying out paragraph (1), the Secretary shall develop a preliminary application for use by eligible institutions applying under part A prior to the submission of the principal application.

(b) CONTENTS.—An institution, in its application for a grant, shall—

(1) set forth, or describe how the institution will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title);

(2) set forth policies and procedures to ensure that Federal funds made available under this title for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 503, and in no case supplant those funds;

(3) set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this title;

(4) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the applicant under this title;

(5) provide (A) for making such reports, in such form and containing such information, as the Secretary may require to carry out the functions under this title and the Government Performance and Results Act, including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded, and (B) for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

(6) provide that the institution will comply with the limitations set forth in section 526;

(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

(A) a description of the various components of the proposed project, including the estimated time required to complete each such component;

(B) in the case of any development project which consists of several components (as described by the applicant pursuant to subparagraph (A)), a statement identifying those components which, if separately funded, would be sound investments of Federal funds and those components which would be sound investments of Federal funds only if funded under this title in conjunction with other parts of the development project (as specified by the applicant);

(C) an evaluation by the applicant of the priority given any proposed project for which funds are sought in relation to any other projects for which funds are sought by the applicant under this title, and a similar evaluation regarding priorities among the components of any single proposed project (as described by the applicant pursuant to subparagraph (A));

(D) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

(E) a detailed description of any activity which involves the expenditure of more than $25,000, as identified in the budget referred to in subparagraph (D); and

(8) include such other information as the Secretary may prescribe.

(c) PRIORITY CRITERIA PUBLICATION REQUIRED.—The Secretary shall publish in the Federal Register, pursuant to chapter 5 of title 5, United States Code, all policies and procedures required to exercise the authority set forth in subsection (a). No other criteria, policies, or procedures shall apply.

(d) ELIGIBILITY DATA.—The Secretary shall use the most recent and relevant data concerning the number and percentage of students receiving need-based assistance under title IV of this Act in making eligibility determinations and shall advance the base-year forward following each annual grant cycle.

SEC. 522. WAIVER AUTHORITY AND REPORTING REQUIREMENT.

(a) Waiver Requirements; Need-Based Assistance Students.—The Secretary may waive the requirements set forth in section 502(a)(2)(A)(i) in the case of an institution—

(1) which is extensively subsidized by the State in which it is located and charges low or no tuition;

(2) which serves a substantial number of low-income students as a percentage of its total student population;

(3) which is contributing substantially to increasing higher education opportunities for educationally disadvantaged, underrepresented, or minority students, who are low-income individuals;

(4) which is substantially increasing higher educational opportunities for individuals in rural or other isolated areas which are unserved by postsecondary institutions; or

(5) wherever located, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of Hispanic Americans.

(b) Waiver Determinations; Expenditures.—(1) The Secretary may waive the requirements set forth in section 502(a)(2)(A)(ii) if the Secretary determines, based on persuasive evidence submitted by the institution, that the institution's failure to meet that criterion is due to factors which, when used in the determination of compliance with such criterion, distort such determination, and that the institution's designation as an eligible institution under part A is otherwise consistent with the purposes of such part.

(2) The Secretary shall submit to the Congress every other year a report concerning the institutions which, although not satisfying the criterion contained in section 502(a)(2)(A)(ii), have been determined to be eligible institutions under part A institutions which enroll significant numbers of Black American, Hispanic, Native American, Asian American, or Native Hawaiian students under part A, as the case may be. Such report shall—

(A) identify the factors referred to in paragraph (1) which were considered by the Secretary as factors that distorted the determination of compliance with section 502(a)(2)(A)(ii); and

(B) contain a list of each institution determined to be an eligible institution under part A including a statement of the reasons for each such determination.

SEC. 523. APPLICATION REVIEW PROCESS.

(a) Review Panel.—All applications submitted under this title by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary. The Secretary shall assure that no individual assigned under this section to review any application has any conflict of interest with regard to the application which might impair the impartiality with which the individual conducts the review under this section.

(2) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under this title and consistent with the provisions of this title, including—

(A) an enumeration of the factors to be used to determine the quality of applications submitted under this title; and

(B) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under this title, the amount of any such grant, and the duration of any such grant.

(b) RECOMMENDATIONS OF PANEL.—In awarding grants under this title, the Secretary shall take into consideration the recommendations of the panel made under subsection (a).

(c) NOTIFICATION.—Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under this title of—

(1) the scores given the applicant by the panel pursuant to this section;

(2) the recommendations of the panel with respect to such application; and

(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under this title, and any modifications, if any, in the recommendations of the panel made by the Secretary.

SEC. 524. COOPERATIVE ARRANGEMENTS.

(a) GENERAL AUTHORITY.—The Secretary may make grants to encourage cooperative arrangements with funds available to carry out part A, between institutions eligible for assistance under part A and between such institutions and institutions not receiving assistance under this title for the activities described in section 503 so that the resources of the cooperating institutions might be combined and shared to achieve the purposes of such part and avoid costly duplicative efforts and to enhance the development of part A eligible institutions.

(b) PRIORITY.—The Secretary shall give priority to grants for the purposes described under subsection (a) whenever the Secretary determines that the cooperative arrangement is geographically and economically sound or will benefit the applicant institution.

(c) DURATION.—Grants to institutions having a cooperative arrangement may be made under this section for a period as determined under section 505.

SEC. 525. ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.

(a) ASSISTANCE ELIGIBILITY.—Each institution which the Secretary determines to be an institution eligible under part A may be eligible for waivers in accordance with subsection (b).

(b) WAIVER APPLICABILITY.—(1) Subject to, and in accordance with, regulations promulgated for the purpose of this section, in the case of any application by an institution referred to in subsection (a) for assistance under any programs specified in paragraph (2), the Secretary is authorized, if such application is otherwise approvable, to waive any requirement for a non-Federal share of the cost of the program or project, or, to the extent not inconsistent with other law, to give, or require to be given, priority consideration of the application in relation to applications from other institutions.

(2) The provisions of this section shall apply to any program authorized by title IV or VII of this Act.

(c) LIMITATION.—The Secretary shall not waive, under subsection (b), the non-Federal share requirement for any program for applications which, if approved, would require the expenditure of more *than 10 percent of the appropriations for the program for any fiscal year.*

SEC. 526. LIMITATIONS.

The funds appropriated under section 528 may not be used—

(1) for a school or department of divinity or any religious worship or sectarian activity;

(2) for an activity that is inconsistent with a State plan for desegregation of higher education applicable to such institution;

(3) for an activity that is inconsistent with a State plan of higher education applicable to such institution; or

(4) for purposes other than the purposes set forth in the approved application under which the funds were made available to the institution.

SEC. 527. PENALTIES.

Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this title embezzles, willfully misapplies, steals, or obtains by fraud any of the funds which are the subject of such grant or assistance, shall be fined not more than $10,000 or imprisoned for not more than 2 years, or both.

SEC. 528. AUTHORIZATIONS OF APPROPRIATIONS.

(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out part A, $80,000,000 for fiscal year 1999, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(b) USE OF MULTIPLE YEAR AWARDS.—In the event of a multiple year award to any institution under this title, the Secretary shall make funds available for such award from funds appropriated for this title for the fiscal year in which such funds are to be used by the recipient.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

[PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES]

PART A—INTERNATIONAL EDUCATION

Subpart 1—International and Foreign Language Studies

[SEC. 601. FINDINGS AND PURPOSES.

[(a) FINDINGS.—The Congress finds that—

[(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

[(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

[(3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge.

[(b) PURPOSES.—It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency, to develop a pool of international experts to meet national needs, and to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education, and research.]

SEC. 601. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds as follows:

(1) The security, stability, and economic vitality of the United States in a complex global era depend upon American experts in and citizens knowledgeable about world regions, foreign languages and international affairs, as well as on a strong research base in these areas.

(2) Advances in communications technology and the growth of regional and global problems make knowledge of other countries and the ability to communicate in other languages more essential to the promotion of mutual understanding and cooperation among nations and their peoples.

(3) Dramatic post-Cold War changes in the world's geopolitical and economic landscapes are creating needs for American expertise and knowledge about a greater diversity of less commonly taught foreign languages and nations of the world.

(4) Systematic efforts are necessary to enhance the capacity of institutions of higher education in the United States and to encourage a broader cross-section of institutions of higher education to develop and expand programs for producing graduates with international and foreign language expertise and knowledge, and research on such areas, in a variety of disciplines and at all levels of graduate and undergraduate education.

(5) Cooperative efforts among the Federal Government, institutions of higher education, and the private sector are necessary to promote the generation and dissemination of information about world regions, foreign languages, and international affairs throughout education, government, business, civic, and nonprofit sectors in the United States.

(b) PURPOSES.—The purposes of this part are—

(1)(A) to support centers, programs and fellowships in institutions of higher education in the United States for producing increased numbers of trained personnel and research in foreign languages, area and other international studies;

(B) to develop a pool of international experts to meet national needs;

(C) to develop and validate specialized materials and techniques for foreign language acquisition and fluency, emphasizing (but not limited to) the less commonly taught languages;

(D) to promote access to research and training overseas; and

(E) to advance the internationalization of a variety of disciplines throughout undergraduate and graduate education;

(2) to support cooperative efforts promoting access to and the dissemination of international and foreign language knowledge, teaching materials and research throughout education, government, business, civic and nonprofit sectors in the United States through the use of advanced technologies; and

(3) to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education and research.

SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS.

(a) [National Language and Area Centers Authorized] *National Resource Centers for Foreign Language and Area or International Studies Authorized.—*

(1) General authority.—The Secretary is authorized—

(A) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating [comprehensive language and area centers] *comprehensive foreign language and area or international studies centers* and programs; and

(B) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate [language and area centers] *foreign language and area or international studies centers* and programs,

which will be national resources for teaching of any modern foreign language, for instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used, for research and training in international studies, and the international and foreign language aspects of professional and other fields of study, and for instruction and research on issues in world affairs which concern one or more countries.

[(2) Authorized activities.—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

[(A) faculty, staff, and student travel in foreign areas, regions, or countries;

[(B) teaching and research materials;

[(C) curriculum planning and development;

[(D) bringing visiting scholars and faculty to the center to teach or to conduct research;

[(E) establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the educational objectives of this section for the purpose of contributing to the teaching and research of the center or program; and

[(F) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary, for carrying out the objectives of this section.]

(2) Authorized activities.—

(A) In general.—Any grant made under paragraph (1) may be used to pay all or part of the cost of establishing

or operating a center or program, in accordance with this subsection.

(B) MANDATORY ACTIVITIES.—Activities to be conducted by centers assisted under this subsection shall include—

(i) support for the instruction of foreign languages and the offering of courses in a variety of nonlanguage disciplines that cover the center's subject area or topic, and the incorporation of such instruction in baccalaureate and graduate programs of study in a variety of disciplinary, interdisciplinary, or professional fields;

(ii) support for teaching and research materials, including library acquisitions, in the center's subject area or topic;

(iii) programs of outreach or linkage with State and local educational agencies, postsecondary education institutions at all levels, professional schools, government, business, media, or the general public; and

(iv) program coordination and development, curriculum planning and development, and student advisement.

(C) PERMISSIBLE ACTIVITIES.—Activities to be conducted by centers assisted under this subsection may include—

(i) support for the creation of faculty positions in disciplines that are underrepresented in the center's instructional program;

(ii) establishment and maintenance of linkages with overseas institutions of higher education for the purpose of contributing to the teaching and research of the center;

(iii) support for bringing visiting scholars and faculty to the center to teach or conduct research;

(iv) professional development of the center's faculty and staff;

(v) projects conducted in cooperation with other National Resource Centers addressing themes of world regional, cross-regional, international, or global importance;

(vi) summer institutes in the United States or abroad designed to provide language and area training in the center's field or topic; and

(vii) support for faculty, staff, and student travel in foreign areas, regions, or countries, and for the development and support of educational programs abroad for students.

* * * * * * *

[(b) STIPENDS FOR FOREIGN LANGUAGE AND AREA STUDIES.—

[(1) GRADUATE STIPENDS.—(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

[(B) Students receiving stipends described in subparagraph (A) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

[(C) Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

[(2) Doctoral stipends.—(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to students beginning with their third year of graduate training in any center or program approved by the Secretary under this part.

[(B) Students receiving stipends described in subparagraph (A) shall be individuals engaged in completing advanced degree requirements in foreign language, foreign area studies, or other international fields.

[(C) Stipends shall be for the purpose of completing degree requirements, such as the predissertation level studies, preparation for dissertation research including the study of less commonly taught languages, dissertation research abroad, and dissertation writing.

[(D) Students may receive stipends described in subparagraph (A) for a maximum of 4 years if such students make satisfactory progress toward completion of a degree program.

[(3) Funding limitations.—The Secretary is not authorized to make awards under paragraph (2) for any fiscal year unless the amount made available under paragraph (1) for such fiscal year equals or exceeds the current services equivalent of the level of funding during fiscal year 1992 under paragraph (1).

[(c) Special Rule With Respect to Travel.—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.]

(b) Graduate Fellowships for Foreign Language and Area or International Studies.—

(1) Authority.—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying fellowships to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

(2) Eligible students.—Students receiving fellowships described in paragraph (1) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program, including predissertation level studies, preparation for dissertation research, dissertation research abroad, and dissertation writing.

(c) Rules With Respect to Expenses.—

(1) Undergraduate travel.—No funds may be expended under this part for undergraduate travel except in accordance

with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

(2) GRADUATE DEPENDENT AND TRAVEL EXPENSES.—Fellowships awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

SEC. 603. LANGUAGE RESOURCE CENTERS.

(a) LANGUAGE RESOURCE CENTERS AUTHORIZED.—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating a small number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include—

(1) * * *

* * * * * * *

[(5) the publication of instructional materials in the less commonly taught languages; and]

(5) a significant focus on the teaching and learning needs of the less commonly taught languages, including an assessment of the strategic needs, the determination of ways to meet those needs nationally, and the publication and dissemination of instructional materials in the less commonly taught languages;

(6) the widespread dissemination of research results, teaching materials, and improved pedagogical strategies to others within the postsecondary education community[.]*; and*

(7) the operation of intensive summer language institutes to train advanced foreign language students, provide professional development, and improve language instruction through preservice and inservice language training for teachers.

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SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

(a) [INCENTIVES FOR THE CREATION OF UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS] *PROGRAM INCENTIVES.*—

(1) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education [or combinations of such institutions], *combinations of such institutions, or partnerships between nonprofit educational organizations and such institutions,* to assist such institutions or combinations in planning, developing, and carrying out [a program] *programs* to improve undergraduate instruction in international studies and foreign languages. [Such grants shall be awarded to institutions of higher education or combinations of such institutions seeking to create new programs or curricula in area studies, foreign languages, and other international fields.] *Such grants shall be awarded for the purpose of seeking to create new programs*

or to strengthen existing programs in undergraduate area studies, foreign languages, and other international fields.

[(2) FEDERAL SHARE AND USE OF FUNDS.—Grants made under this section may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of such a program, such as—

[(A) planning for the development and expansion of undergraduate programs in international studies;

[(B) teaching, research, curriculum development, and other related activities;

[(C) training of faculty members in foreign countries;

[(D) expansion of foreign language courses;

[(E) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

[(F) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and postbaccalaureate programs or institutions;

[(G) the development of an international dimension in preservice and inservice teacher training;

[(H) the development of undergraduate study abroad programs in locations abroad in which such study opportunities are not otherwise available or which serve students for whom such opportunities are not otherwise available and which provide courses that are closely related to on-campus foreign language and international studies curricula; and

[(I) the integration of new study abroad opportunities for undergraduate students into curricula of specific degree programs.

[(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.]

(2) USE OF FUNDS.—Grants made under this section may be used for Federal share of the cost of projects and activities which are an integral part of such a program, such as—

(A) planning for the development and expansion of programs in undergraduate international studies, and foreign languages and the internationalization of undergraduate education;

(B) teaching, research, curriculum development, and other related activities;

(C) training of faculty members in foreign countries;

(D) expansion of existing and development of new opportunities for learning foreign languages, including the less commonly taught languages;

(E) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

(F) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and postbaccalaureate programs or institutions;

(G) the development of an international dimension in preservice and inservice teacher training;

(H) the development of undergraduate educational programs in locations abroad where such opportunities are not otherwise available or which serve students for whom such opportunities are not otherwise available and which provide courses that are closely related to on-campus foreign language and international curricula;

(I) the integration of new and continuing education abroad opportunities for undergraduate students into curricula of specific degree programs;

(J) the development of model programs to enrich or enhance the effectiveness of educational programs abroad, including predeparture and postreturn programs, and the integration of educational programs abroad intö the curriculum of the home institution;

(K) the expansion of library and teaching resources;

(L) the development of programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

(M) the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;

(N) the conduct of summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

(O) the development of partnerships between institutions of higher education and the private sector, government, and elementary and secondary education institutions to enhance international knowledge and skills; and

(P) the use of innovative technology to increase access to international education programs.

(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided in cash from the private sector corporations or foundations in an amount equal to one-third of the total requested grant amount, or may be provided as in-cash or in-kind contribution from institutional and noninstitutional funds, including State and private sector corporation or foundation contributions, equal to one-half of the total requested grant amount.

* * * * * * *

(5) SPECIAL RULE.—The Secretary may waive or reduce the required non-Federal share for title III-eligible institutions which have submitted a grant application under this section.

(6) EVALUATION CRITERIA AND REPORT.—As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs.

[(b) GRANTS TO STRENGTHEN PROGRAMS OF DEMONSTRATED EXCELLENCE IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.—

[(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or partnerships between nonprofit educational organizations and institutions of higher education to enable such institutions of higher education, combinations of such institutions or partnerships to—

[(A) strengthen programs of demonstrated excellence in area studies, foreign languages, and other international fields in order to ensure the self-sustaining maintenance and growth of such programs; and

[(B) enhance the capacity-building and dissemination functions of such programs.

[(2) FEDERAL SHARE AND USE OF GRANT FUNDS.—Grants awarded under this subsection may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of the programs described in paragraph (1), such as—

[(A) teaching, research, curriculum development, and other related activities;

[(B) strengthening undergraduate majors and minors directly related to the generation of international expertise;

[(C) developing new foreign language courses, especially in languages previously not taught at such institution or combination of such institutions, and improving the quality of existing foreign language programs;

[(D) expanding library and teaching resources;

[(E) establishing linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;

[(F) developing programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

[(G) disseminating curricular materials and program designs to other educational institutions;

[(H) integrating on-campus undergraduate curriculum with study abroad and exchange programs;

[(I) training faculty and staff in area studies, foreign languages, and other international fields;

[(J) conducting summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

[(K) developing study and internship abroad programs—

[(i) in locations in which such opportunities are not otherwise available; or

[(ii) which serve students for whom such opportunities are not otherwise available; and

[(L) developing model programs to enrich or enhance the effectiveness of study abroad programs, including predeparture and post return orientation programs, integration of study abroad into the curriculum of the home institution, credit transfer, improved faculty involvement, cross-disciplinary programs, student selection and advising services, and academic advising.

[(3) NON-FEDERAL SHARE.—The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

[(4) EVALUATION CRITERIA AND REPORT.—As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs.]

[(c)] *(b)* PROGRAMS OF NATIONAL SIGNIFICANCE.—The Secretary may also award grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to attaining the objective of this section.

(c) FUNDING SUPPORT.—The Secretary may use no more than 10 percent of the total amount appropriated for this title, other than amounts appropriated for part D, for carrying out the purposes of this section.

[SEC. 605. INTENSIVE SUMMER LANGUAGE INSTITUTES.

[(a) INTENSIVE SUMMER LANGUAGE INSTITUTES AUTHORIZED.—

[(1) GRANTS AUTHORIZED.—The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer language institutes.

[(2) ELIGIBLE GRANT RECIPIENTS.—Training authorized by this section shall be provided through—

[(A) institutes designed to meet the needs for intensive language training by advanced foreign language students;

[(B) institutes designed to provide professional development and improve language instruction through preservice and inservice training for language teachers; or

[(C) institutes that combine the purposes of subparagraphs (A) and (B).

[(3) AUTHORIZED ACTIVITIES.—Grants made under this section may be used for—

[(A) intensive training in critical languages;

[(B) training in neglected languages; and

[(C) stipends for students and faculty attending the institutes authorized by this section.

[(4) INSTRUCTIONAL PROGRAM.—Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 602.

[(b) PEER REVIEW.—Grants made under this section shall be awarded on the basis of recommendations made by peer review panels composed of broadly representative professionals.**]**

SEC. [606.] *605*. RESEARCH; STUDIES; ANNUAL REPORT.

(a) AUTHORIZED ACTIVITIES.—The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to—

(1) * * *

* * * * * * *

(4) research on more effective methods of providing instruction and achieving competency in foreign languages*, area studies, or other international fields*;

(5) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists; **[**and**]**

(6) the application of performance tests and standards across all areas of foreign language instruction and classroom use**[**.**]***; and*

(7) studies and surveys of the uses of technology in foreign language, area and international studies programs.

* * * * * * *

[SEC. 607. PERIODICALS AND OTHER RESEARCH MATERIALS PUBLISHED OUTSIDE THE UNITED STATES.

[(a) PROGRAM AUTHORIZED; AUTHORIZATION OF APPROPRIATIONS.—

[(1) PROGRAM AUTHORIZED.—From the amount appropriated under paragraph (2), the Secretary is authorized to award grants to institutions of higher education, public or nonprofit private library institutions, or consortia of such institutions for the acquisition of, and provision of access to, periodicals and other research materials published outside the United States.

[(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to the amount authorized to be appropriated by section 610A, there are authorized to be appropriated $5,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

[(b) AUTHORIZED ACTIVITIES.—Grants under this section shall be used for the following purposes:

[(1) To acquire periodicals and other research materials published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance.

[(2) To maintain in machine-readable form current bibliographic information on periodicals and other research materials thus acquired, and to enter such information into one or more of the widely available bibliographic data bases.

[(3) To preserve such periodicals and other research materials.

[(4) To make such periodicals and other research materials widely available to researchers and scholars.

[(c) APPLICATION AND PREFERENCE.—

[(1) APPLICATION.—Each institution or consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

[(2) PREFERENCE.—The Secretary shall give preference to grant applications according to the following criteria:

[(A) The total number of library research materials in an institution's or consortium's collection.

[(B) The comprehensiveness, both current and retrospective, of the institution's or consortium's collection of periodicals and other research materials published outside the United States.

[(C) Public accessibility to the institution's or consortium's collection of periodicals and other research materials published outside the United States.

[(D) The institution's or consortium's technological capability to share its collection of periodicals and other research materials published outside the United States with other institutions of higher education, with public or nonprofit institutions, and with individual scholars.

[(E) The institution's or consortium's budget and staff capability to build, maintain, and service periodicals and other research materials published outside the United States.

[(3) SUFFICIENT SIZE.—The Secretary shall award grants under this section of sufficient size to enable an institution or consortium to—

[(A) substantially improve its collection of foreign periodicals and other research materials published outside the United States; and

[(B) contribute to a comprehensive national base of foreign language materials for students and scholars.

[(d) WRITTEN AGREEMENT.—

[(1) AGREEMENT REQUIRED.—Prior to the awarding of grants authorized under subsection (c), each recipient institution or consortium shall file a formal written agreement with the Secretary which outlines their collecting responsibilities regarding periodicals and other research materials published outside the United States and ensures public access.

[(2) FUNDING LIMITATION.—No funds from grants authorized under subsection (c) may be used by a recipient institution or consortium to acquire and process periodicals and other research materials published outside the United States other than that specified in the agreement filed with the Secretary under paragraph (1).

[(e) COPYRIGHT.—Nothing in this section shall be considered to amend, affect, or define the provisions of title 17, United States Code, relating to copyright.]

SEC. 606. TECHNOLOGICAL INNOVATION AND COOPERATION FOR FOREIGN INFORMATION ACCESS.

(a) AUTHORITY.—The Secretary is authorized to make grants to institutions of higher education, public or nonprofit private library

institutions, or consortia of such institutions, to develop innovative techniques or programs using new electronic technologies to collect, organize, preserve and widely disseminate information on world regions and countries other than the United States that address the nation's teaching and research needs in international education and foreign languages.

(b) AUTHORIZED ACTIVITIES.—Grants under this section may be used—

(1) to facilitate access to or preserve foreign information resources in print or electronic forms;

(2) to develop new means of immediate, full-text document delivery for information and scholarship from abroad;

(3) to develop new means of shared electronic access to international data;

(4) to support collaborative projects of indexing, cataloging, and other means of bibliographic access for scholars to important research materials published or distributed outside the United States;

(5) to develop methods for the wide dissemination of resources written in non-Roman language alphabets;

(6) to assist teachers of less commonly taught languages in acquiring, via electronic and other means, materials suitable for classroom use; and

(7) to promote collaborative technology based projects in foreign languages, area and international studies among grant recipients under this title.

(c) APPLICATION.—Each institution or consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

(d) MATCH REQUIRED.—The Federal share of the total cost of carrying out a program supported by a grant under this section shall not be more than $66\frac{2}{3}$ percent. The non-Federal share of such cost may be provided either in-kind or in cash, and may include contributions from private sector corporations or foundations.

SEC. [608.] *607.* SELECTION OF CERTAIN GRANT RECIPIENTS.

(a) * * *

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SEC. [609.] *608.* EQUITABLE DISTRIBUTION OF CERTAIN FUNDS.

(a) * * *

* * * * * * *

SEC. [610.] *609.* AMERICAN OVERSEAS RESEARCH CENTERS.

(a) * * *

* * * * * * *

(d) DEVELOPMENT GRANTS AUTHORIZED.—The Secretary is encouraged to consider the establishment of new centers, and may use at least 10 percent of the funds available for this section to make grants for the establishment of such new centers.

SEC. [610A.] *610.* AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part $80,000,000 for fiscal year [1993] *1999*, and such sums as may be necessary for the 4 succeeding fiscal years.

[PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS]

Subpart 2—Business and International Education Programs

[SEC. 611. AUTHORIZATION OF APPROPRIATIONS.]

SEC. 611. FINDINGS AND PURPOSES.

(a) * * *

* * * * * * *

SEC. 612. CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.

(a) * * *

* * * * * * *

(c) AUTHORIZED ACTIVITIES.—

(1) MANDATORY ACTIVITIES.—Programs and activities to be conducted by centers assisted under this section shall include—

(A) * * *

(B) interdisciplinary programs which provide business, finance, management, communications systems, and other professional training for foreign language and international studies faculty and [advanced] degree candidates;

(C) [evening or summer programs,] *programs* such as intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;

* * * * * * *

(d) ADVISORY COUNCIL.—

(1) * * *

* * * * * * *

(2) MEMBERSHIP ON ADVISORY COUNCIL.—The center advisory council shall include—

(A) * * *

* * * * * * *

(G) such other individuals as the institution of higher education deems appropriate*, such as a representative of a community college in the region served by the center*.

* * * * * * *

SEC. 614. AUTHORIZATION OF APPROPRIATIONS.

(a) CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.—There are authorized to be appropriated $11,000,000 for the fiscal year

[1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of section 612.

(b) Education and Training Programs.—There are authorized to be appropriated $7,000,000 for fiscal year [1993] *1999*, and such sums as may be necessary for the 4 succeeding fiscal years, to carry out the provisions of section 613.

[PART C—INSTITUTE FOR INTERNATIONAL PUBLIC POLICY]

Subpart 3—Institute for International-Public Policy

SEC. 621. MINORITY FOREIGN SERVICE PROFESSIONAL DEVELOPMENT PROGRAM.

(a) * * *

* * * * * * *

(e) Match Required.—The eligible recipient of a grant under this section shall contribute to the conduct of the program supported by the grant an amount from non-Federal sources equal to at least [one-fourth] *one-half* the amount of the grant, which contribution may be in cash or in kind.

SEC. 622. JUNIOR YEAR *AND SUMMER* ABROAD PROGRAM.

(a) Program Authority.—The Institute [shall conduct] *is authorized to conduct*, by grant or contract, a junior year *and summer* abroad program. The junior year *and summer* abroad program shall be open to eligible students at institutions of higher education, including historically Black colleges and universities as defined in section 322 of this Act, tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978, and other institutions of higher education with significant minority student populations. Eligible student expenses shall be shared by the Institute and the institution at which the student is in attendance. Each student *in a junior year abroad program* may spend not more than 9 months abroad in a program of academic study, as well as social, familial and political interactions designed to foster an understanding of and familiarity with the language, culture, economics and governance of the host country.

(b) Definition of Eligible Student.—For the purpose of this section, the term "eligible student" means a student that is—

(1) enrolled full-time in a baccalaureate degree program at an institution of higher education; and

(2) entering the third year of study at an institution of higher education which nominates such student for participation in the junior year *or summer* abroad program.

(c) Special Rule.—An institution of higher education desiring to send a student on the junior year abroad program *or summer abroad program* shall enter into a Memorandum of Understanding with the Institute under which such institution of higher education agrees to—

(1) provide the requisite academic preparation for students participating in the junior year [abroad or internship] *abroad, summer abroad, or internship* programs;

(2) pay one-half the cost of each student it nominates for participation in the junior year abroad program *or summer abroad program*; and

(3) meet such other requirements as the Secretary may from time to time, by regulation, reasonably require.

SEC. 624. INTERNSHIPS.

(a) IN GENERAL.—The Institute shall enter into agreements with historically Black colleges and universities as defined in section 322 of this Act, tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978, other institutions of higher education with significant numbers of minority students, and institutions of higher education with programs in training foreign service professionals, to provide academic year internships during the junior and senior year and summer internships following the sophomore and junior academic years, by work placements with an international voluntary or government organizations or agencies, including the Agency for International Development, the United States Information Agency, the International Monetary Fund, the National Security Council, the Organization of American States, the Export-Import Bank, the Overseas Private Investment Corporation, the Department of State, Office of the United States Trade Representative, the World Bank, and the United Nations.

(b) POSTBACCALAUREATE INTERNSHIPS.—The Institute shall enter into agreements with institutions of higher education described in the first sentence of subsection (a) to conduct internships in Washington, DC, for students who have completed study for the baccalaureate degree. The Internship program authorized by this subsection shall—

(1) be designated to assist the students to prepare for a master's degree program;

(2) be carried out with the assistance of the Woodrow Wilson Fellowship program;

(3) contain work experience for the students designated to contribute to the objectives set forth in paragraph (1); and

(4) contain such other elements as the Institute determines will carry out the objectives of this subsection.

SEC. 625. INSTITUTIONAL DEVELOPMENT.

(a) IN GENERAL.—The Institute shall make grants, from amounts available to it in each fiscal year, to Historically Black Colleges and Universities, Hispanic-serving Institutions, Tribally Controlled Indian Community Colleges, and minority institutions, to enable such colleges, universities, and institutions to strengthen international affairs programs.

(b) APPLICATION.—No grant may be made by the Institute under this section unless an application is made by the college, university, or institution at such time, in such manner, and accompanied by such information as the Institute may require.

(c) DEFINITIONS.—As used in this section—

(1) the term "Historically Black College and University" has the same meaning given the term by section 322(2) of this Act;

(2) the term "Hispanic-serving Institution" has the same meaning given the term by section 316(b)(1) of this Act;

(3) the term "Tribally controlled Indian community college" has the same meaning given that term by the Tribally Controlled Community College Assistance Act of 1978; and

(4) the term "minority institution" has the same meaning given that term in section 347 of this Act.

SEC. 626. INTERAGENCY COMMITTEE ON MINORITY CAREERS IN INTERNATIONAL AFFAIRS.

(a) ESTABLISHMENT.—There is established in the executive branch of the Federal Government an Interagency Committee on Minority Careers in International Affairs composed of 7 members. The members of the Committee shall be—

(1) the Undersecretary for International Affairs and Commodity Programs of the Department of Agriculture, appointed by the Secretary of Agriculture;

(2) the Assistant Secretary and Director General, the Commercial Service of the Department of Commerce, appointed by the Secretary of Commerce;

(3) the Undersecretary of Defense for Personnel and Readiness of the Department of Defense, appointed by the Secretary of Defense;

(4) the Assistant Secretary for Postsecondary Education in the Department of Education, appointed by the Secretary of Education;

(5) the Director General of the Foreign Service of the Department of State, appointed by the Secretary of State;

(6) the General Counsel of the Agency for International Development, appointed by the Administrator; and

(7) the Associate Director for Educational and Cultural Affairs of the United States Information Agency, appointed by the Director.

(b) FUNCTIONS.—The Interagency Committee established by this section shall—

(1) advise the Secretary and the Institute with respect to programs authorized by this part; and

(2) promote policies in each department and agency participating on the Committee that are designed to carry out the objectives of this part.

SEC. [625.] *627.* REPORT.

The Institute shall annually prepare a report on the activities of the Institute and shall submit such report to the Secretary of Education and the Secretary of State.

SEC. [626.] *628.* GIFTS AND DONATIONS.

The Institute is authorized to receive money and other property donated, bequeathed, or devised to the Institute with or without a condition of restriction, for the purpose of providing financial support for the fellowships or underwriting the cost of the Junior Year Abroad Program. All funds or property given, devised, or bequeathed shall be retained in a separate account, and an accounting of those funds and property shall be included in the annual report described in section 625.

SEC. [627.] *629.* AUTHORIZATION.

There is authorized to be appropriated $10,000,000 for fiscal year **[**1993**]** *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

[PART D—GENERAL PROVISIONS]

Subpart 4—General Provisions

SEC. 631. DEFINITIONS.

(a) DEFINITIONS.—As used in this title—

(1) * * *

*   *   *   *   *   *   *

(7) the term "critical languages" means each of the languages contained in the list of critical languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413), except that, in the implementation of this definition, the Secretary may set priorities according to the purposes of this title; **[**and**]**

(8) the term "institution of higher education" means, in addition to institutions which meet the definition of section **[**1201(a)**]** *101(a)(1)* of this Act, institutions which meet the requirements of section **[**1201(a)**]** *101(a)(1)* of this Act except that (1) they are not located in the United States, and (2) they apply for assistance under this title in consortia with institutions which meet the definition of **[**1201(a)**]** *101(a)(1)* of this Act**[**.**]***; and*

(9) the term "internationalization of undergraduate education" means the incorporation of foreign languages and area and international studies perspectives in any undergraduate course or curriculum in order to provide international content for that course of study; and

(10) the term "educational programs abroad" means programs of study, internships, or service learning outside the United States which are part of a foreign language or other international curriculum at the undergraduate or graduate education levels.

[SEC. 632. PRESERVATION OF PRE-1992 PROGRAMS.

[Notwithstanding any other provision of law, amendments to this title establishing new programs or expanding existing programs enacted pursuant to the Higher Education Amendments of 1992 shall not be funded in fiscal year 1993, or the 4 succeeding fiscal years, unless and until Congress enacts appropriations for programs under this title enacted prior to such Amendments at a level no less than the level of funding in effect for such preexisting programs for fiscal year 1992.]

PART B—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

SEC. 651. PURPOSE.

In order to sustain and enhance the capacity for graduate education in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

SEC. 652. GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS.

(a) GRANT AUTHORITY.—

(1) IN GENERAL.—The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part. The Secretary shall coordinate the administration and regulation of programs under this part with other Federal programs providing graduate assistance to minimize duplication and improve efficiency.

(2) ADDITIONAL GRANTS.—The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for the support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organization which—

(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and is exempt from tax under section 501(a) of such Code;

(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

(C) is not a private foundation,

(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

(E) has necessary research resources not otherwise readily available in such institutions to such students.

(b) AWARD AND DURATION OF GRANTS.—

(1) AWARDS.—The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

(2) DURATION.—The Secretary shall approve a grant recipient under this part for a 3-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of

an institution of higher education of less than $125,000 or greater than $750,000 per fiscal year.

(3) REALLOTMENT.—Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

SEC. 653. INSTITUTIONAL ELIGIBILITY.

(a) ELIGIBILITY CRITERIA.—Any academic department or program of an institution of higher education that offers a program of postbaccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of postbaccalaureate study has been in existence for at least 4 years at the time of application for assistance under this part.

(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. In making such designations, the Secretary shall take into account the extent to which the interest is compelling, the extent to which other Federal programs support postbaccalaureate study in the area concerned, and an assessment of how the program could achieve the most significant impact with available resources.

SEC. 654. CRITERIA FOR APPLICATIONS.

(a) SELECTION OF APPLICATIONS.—The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program quality by review panels of nationally recognized scholars and evaluated on the quality and effectiveness of the academic program and the achievement and promise of the students to be served. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant, shall—

(1) describe the current academic program of the applicant for which the grant is sought;

(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part, which contribution may be in cash or in kind fairly valued;

(3) describe the number, types, and amounts of the fellowships that the applicant intends to offer under the grant;

(4) set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

(A) have financial need, as determined under part F of title IV;

(B) have excellent academic records in their previous programs of study; and

(C) plan to pursue the highest possible degree available in their course of study;

(5) set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this part and in no case to supplant those funds;

(6) provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will, from any funds available to it, fulfill the commitment to the student;

(7) provide that the applicant will comply with the limitations set forth in section 655;

(8) provide assurances that the academic department will provide at least 1 year of supervised training in instruction for students; and

(9) include such other information as the Secretary may prescribe.

SEC. 655. AWARDS TO GRADUATE STUDENTS.

(a) COMMITMENTS TO GRADUATE STUDENTS.—

(1) IN GENERAL.—An academic department or program of an institution of higher education shall make commitments to eligible graduate students as defined in section 484 (including students pursuing a doctoral degree after having completed a master's degree program at an institution of higher education) at any point in their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 3 years.

(2) SPECIAL RULE.—No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary establishes shall reflect the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1999–2000 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need as determined under part F of title IV.

(c) TREATMENT OF INSTITUTIONAL PAYMENTS.—An institution of higher education that make[illegible]stitutional payments for tuition and fees on behalf of individuals supported by fellowships under this part in amounts that exceed the institutional payments made by the Secretary pursuant to section 656(a) may count the excess of such payments toward the amounts the institution is required to provide pursuant to section 654(b)(2).

(d) ACADEMIC PROGRESS REQUIRED.—Notwithstanding the provisions of subsection (a), no student shall receive an award—

(1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or

(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

SEC. 656. ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.

(a) INSTITUTIONAL PAYMENTS.—(1) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

(A) $10,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1999–2000; and

(B) with respect to individuals who first receive fellowships during or after academic year 1999–2000—

(i) $10,000 for the academic year 1999–2000; and

(ii) for succeeding academic years, $10,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

(b) USE FOR OVERHEAD PROHIBITED.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

SEC. 657. CONTINUATION AWARDS.

Before making new awards under this part for any fiscal year, the Secretary shall, as appropriate, making continuation awards to recipients of awards under parts B, C, and D of title IX as in effect prior to the enactment of the Higher Education Amendments of 1998.

SEC. 658. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $40,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

SEC. 701. PURPOSES.

(a) * * *

(b) Priority on Renovation.—In the awarding of grants under [part A or B] *part B* of this title, priority shall be given to projects involving the renovation of facilities.

SEC. 702. PRIOR RIGHTS AND OBLIGATIONS.

(a) Authorization of Appropriations.—There are authorized to be appropriated such sums as may be necessary for fiscal year [1993] *1999* and for each of the 4 succeeding fiscal years to pay obligations incurred prior to 1987 under parts C and D of this title, as such parts were in effect before the effective date of the Higher Education Act Amendments of 1992.

* * * * * * *

[PART A—IMPROVEMENT OF ACADEMIC AND LIBRARY FACILITIES

[SEC. 711. SHORT TITLE.

[This part may be cited as the "Higher Education Facilities Act of 1992".

[SEC. 712. FINDINGS.

[The Congress finds that—

[(1) over the past 50 years institutions of higher education have expanded dramatically, while at the same time traditional sources of funding facilities maintenance and repair have declined and even disappeared in some instances;

[(2) in order to meet the rising cost of educating students, resulting mainly from inflation and the higher costs of research, many colleges and universities made the choice to defer renovations and improvements;

[(3) overall, the need for capital investment by institutions of higher education has been estimated to exceed $60,000,000,000;

[(4) the deterioration of facilities has caused valuable research experiments and programs to be postponed, delayed or canceled; and

[(5) the United States' competitive position within the world economy is vulnerable if the necessary research facilities are not available to provide advanced training in the fields of science and technology.

[SEC. 713. DISTRIBUTION OF ASSISTANCE.

[(a) Competitive or Formula Distribution.—

[(1) Competitive grants.—If the amount appropriated pursuant to section 716 for a fiscal year is less than $50,000,000, then the Secretary shall award grants under this part on a competitive basis in accordance with subsection (h) to institutions of higher education to carry out the activities described in section 714.

[(2) Allotment formula.—

[(A) FORMULA.—If the amount appropriated pursuant to section 716 for a fiscal year is equal to or greater than $50,000,000, then the Secretary shall allot to each State higher education agency with an approved application—

[(i) 50 percent of such funds on the basis of the population of the State compared to the population of all States; and

[(ii) 50 percent of such funds on the basis of the number of students attending institutions of higher education within the State compared to the number of students attending institutions of higher education in all States.

[(B) USE OF FORMULA GRANTS.—Each State higher education agency receiving an allotment pursuant to subparagraph (A), shall use such allotment to award grants, on a competitive basis, to institutions of higher education within the State to enable such institutions to carry out the activities described in section 714.

[(C) REALLOTMENT.—Except as provided in subsection (f), any amount that the Secretary determines will not be available to a State higher education agency because such agency elects not to participate in the program assisted under this part shall be reallotted to other States in the same manner as the original allotments were made.

[(b) MATCHING REQUIREMENTS.—

[(1) STATE MATCHING REQUIREMENT.—

[(A) IN GENERAL.—In order to receive an allotment under subsection (a)(2)(A), each State higher education agency shall provide matching funds equal to 25 percent of the amount of any allotment received pursuant to such subsection. The Secretary may waive the requirements of the preceding sentence if the State can demonstrate to the satisfaction of the Secretary that such matching requirement would present a severe financial hardship to the State.

[(B) CASH REQUIREMENT.—Each State higher education agency receiving funds under this part shall only provide matching funds pursuant to paragraph (1) in cash.

[(2) INSTITUTIONAL MATCHING REQUIREMENT.—In order to receive a grant under subsection (a)(1) or (a)(2)(B), each eligible institution shall provide matching funds equal to 50 percent of the amount of any grant received pursuant to such subsection. Such matching funds may be provided by the State higher education agency or the institution of higher education.

[(c) PRIORITY.—In awarding grants pursuant to subsection (a), the Secretary or each State higher education agency shall give priority to institutions of higher education that serve large numbers or percentages of minority or disadvantaged students.

[(d) EQUITABLE PARTICIPATION.—In awarding grants pursuant to subsection (a), the Secretary or each State higher education agency shall ensure the equitable participation of both public and private eligible institutions within the State.

[(e) SPECIAL RULE.—If the Secretary determines that any eligible institution within a State has received, within the 2 preceding fiscal years, a direct, noncompetitive award of Federal funds for facilities construction, renovation, improvement or repair, then the eligible institution shall be ineligible to receive assistance under this part.

[(f) USE FOR MAINTENANCE.—An amount less than or equal to 10 percent of that portion of funds awarded under this part which is allotted by the recipient to meet costs of—

[(1) research and instructional instrumentation and equipment; and

[(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment; may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within 3 years of the date of initial use, if the recipient deems such upgrading essential to the continued usefulness of such research or instructional instrumentation and equipment.

[(g) SUPPLEMENTATION.—Grants awarded pursuant to subsection (a) shall be used to supplement and not supplant other Federal, State, and local funds available for improvement of academic and library facilities.

[(h) PEER REVIEW REQUIRED.—In making grants under subsection (a)(1), the Secretary shall utilize a national peer review panel. The panel shall be broadly representative of all types and classes of institutions of higher education in the United States.

[SEC. 714. USE OF FUNDS.

[Institutions of higher education shall use funds awarded under this part for any one or more of the following activities:

[(1) The improvement, renovation, and repair of academic facilities.

[(2) The improvement and renovation of library facilities.

[(3) The improvement and renovation of broadcast, cable, and satellite interconnection equipment for use in postsecondary educational television and radio programming, including interactive technology and communications.

[(4) The construction of academic and library facilities if the State determines such construction necessary.

[SEC. 715. APPLICATION.

[(a) STATE HIGHER EDUCATION AGENCY.—

[(1) APPLICATION.—Each State higher education agency desiring an allotment pursuant to section 713(a)(2)(A) shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(2) CONTENTS.—Each application described in paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought;

[(B) contain assurances that the State higher education agency will comply with the matching requirement described in section 713(b)(1);

[(C) contain a description and the amount of any direct, noncompetitive appropriation of funds for facilities construction, renovation, improvement or repair which the State provides to any institution of higher education within the State; and

[(D) contain such other assurances as the Secretary determines necessary to ensure compliance with the provisions of this part.

[(b) Institutions of Higher Education.—

[(1) Application.—Each institution of higher education desiring a grant pursuant to section 713(a)(1) or 713(a)(2)(B) shall submit an application to the Secretary or the State higher education agency, as appropriate, at such time, in such manner and accompanied by such information as the Secretary or such agency may reasonably require.

[(2) Contents.—Each application described in paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought;

[(B) contain assurances that the eligible institution will comply with the matching requirement described in section 713(b)(2); and

[(C) contain such other assurances as the Secretary or State higher education agency determines necessary to ensure compliance with the provisions of this part.

[SEC. 716. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $350,000,000 for fiscal year 1993 and each of the 4 succeeding fiscal years to carry out the provisions of this part.]

PART B—HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING

* * * * * * *

[SEC. 726. PROHIBITION.

[No institution that receives a loan under this part shall also receive a grant under part A of this title.]

SEC. 727. HBCU CAPITAL FINANCING ADVISORY BOARD.

(a) * * *

* * * * * * *

(c) Authorization of Appropriations.—There are authorized to be appropriated $50,000 for fiscal year [1993] *1999* and each of the 4 succeeding fiscal years to carry out this section.

* * * * * * *

PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION AND RENOVATION OF ACADEMIC, HOUSING, AND OTHER EDUCATIONAL FACILITIES

* * * * * * *

SEC. 735. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part, $50,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

PART E—GENERAL

SEC. 781. RECOVERY OF PAYMENTS.

(a) PUBLIC BENEFIT.—The Congress declares that, if a facility constructed with the aid of a grant under [part A of this title, or] part B of this title as such part was in effect prior to the enactment of the Higher Education Amendments of 1992, is used as an academic facility for 20 years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of 20 years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of this title.

(b) RECOVERY UPON CESSATION OF PUBLIC BENEFIT.—If, within 20 years after completion of construction of an academic facility which has been constructed, in part with a grant under [part A of this title, or] part B of this title as such part was in effect prior to the enactment of the Higher Education Amendments of 1992—

(1) * * *

* * * * * * *

[TITLE VIII—COOPERATIVE EDUCATION

[SEC. 801. STATEMENT OF PURPOSE; DEFINITION.

[(a) PURPOSE.—It is the purpose of this title to award grants to institutions of higher education or combinations of such institutions to encourage such institutions to develop and make available to as many of their students as possible work experience that will aid such students in future careers and will enable such students to support themselves financially while in school.

[(b) DEFINITION.—For the purpose of this title the term "cooperative education" means the provision of alternating or parallel periods of academic study and public or private employment in order to give students work experiences related to their academic or occupational objectives and an opportunity to earn the funds necessary for continuing and completing their education.

[SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RESERVATIONS.

[(a) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated to carry out this title $30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) RESERVATIONS.—Of the amounts appropriated in each fiscal year the Secretary shall reserve such amount as is necessary to make continuing awards to institutions of higher education that were, on the date of enactment of the Higher Education Amendments of 1992, operating an existing cooperative education program under a multiyear project award and to continue to pay to such institutions the Federal share in effect on the day before such date of enactment. Of the remainder of the amount appropriated in such fiscal year—

[(1) not less than 50 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions described in section 803(a)(1)(A) for cooperative education under section 803;

[(2) not less than 25 percent shall be available for carrying out grants to institutions of higher education described in section 803(a)(1)(B) for cooperative education under section 803;

[(3) not to exceed 11 percent shall be available for demonstration projects under paragraph (1) of section 804(a);

[(4) not to exceed 11 percent shall be available for training and resource centers under paragraph (2) of section 804(a); and

[(5) not to exceed 3 percent shall be available for research under paragraph (3) of section 804(a).

[(c) AVAILABILITY OF APPROPRIATIONS.—Appropriations under this title shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this title.

[SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.

[(a) GRANTS AUTHORIZED.—

[(1) IN GENERAL.—The Secretary is authorized—

[(A) from the amount available under section 802(b)(1) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education or combinations of such institutions that have not received a grant under this paragraph in the 10-year period preceding the date for which a grant under this section is requested to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions; and

[(B) from the amount available under section 802(b)(2) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education that are operating an existing cooperative education program as determined by the Secretary to pay the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions.

[(2) PROGRAM REQUIREMENT.—Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving students work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education.

[(3) AMOUNT OF GRANTS.—(A) The amount of each grant awarded pursuant to paragraph (1)(A) to any institution of higher education or combination of such institutions in any fiscal year shall not exceed $500,000.

[(B)(i) Except as provided in clauses (ii) and (iii), the Secretary shall award grants in each fiscal year to each institution of higher education described in paragraph (1)(B) that has an application approved under subsection (b) in an amount which bears the same ratio to the amount reserved pursuant to section 802(b)(2) for such fiscal year as the number of unduplicated students placed in cooperative education jobs during the preceding fiscal year (other than cooperative education jobs under section 804 and as determined by the Secretary) by such institution of higher education bears to the total number of all such students placed in such jobs during the preceding fiscal year by all such institutions.

[(ii) No institution of higher education shall receive a grant pursuant to paragraph (1)(B) in any fiscal year in an amount which exceeds 25 percent of such institution's cooperative education program's personnel and operating budget for the preceding fiscal year.

[(iii) The minimum annual grant amount which an institution of higher education is eligible to receive under paragraph (1)(B) is $1,000 and the maximum annual grant amount is $75,000.

[(4) LIMITATION.—The Secretary shall not award grants pursuant to paragraphs (1)(A) and (1)(B) to the same institution of higher education or combination of such institution in any one fiscal year.

[(5) USES.—Grants under paragraph (1)(B) shall be used exclusively—

[(A) to expand the quality and participation of a cooperative education program;

[(B) for outreach in new curricular areas; and

[(C) for outreach to potential participants including underrepresented and nontraditional populations.

[(b) APPLICATIONS.—Each institution of higher education or combination of such institutions desiring to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall—

[(1) set forth the program or activities for which a grant is authorized under this section;

[(2) specify each portion of such program or activities which will be performed by a nonprofit organization or institution other than the applicant and the compensation to be paid for such performance;

[(3) provide that the applicant will expend during such fiscal year for the purpose of such program or activities not less than the amount expended for such purpose during the previous fiscal year;

[(4) describe the plans which the applicant will carry out to assure, and contain a formal statement of the institution's commitment which assures, that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1) at a level which is not less than the total amount expended for such program during the first year such program was assisted under this section;

[(5) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate or associate degree candidates and who carry at least one-half the normal full-time academic workload;

[(6) provide that the applicant will—

[(A) make such reports as may be essential to ensure that the applicant is complying with the provisions of this section, including the reports for the second and each succeeding fiscal year for which the applicant receives a grant with respect to the impact of the cooperative education program in the previous fiscal year, including—

[(i) the number of unduplicated student applicants in the cooperative education program;

[(ii) the number of unduplicated students placed in cooperative education jobs;

[(iii) the number of employers who have hired cooperative education students;

[(iv) the income for students derived from working in cooperative education jobs; and

[(v) the increase or decrease in the number of unduplicated students placed in cooperative education jobs in each fiscal year compared to the previous fiscal year; and

[(B) keep such records as are essential to ensure that the applicant is complying with the provisions of this title, including the notation of cooperative education employment on the student's transcript;

[(7) describe the extent to which programs in the academic discipline for which the application is made have had a favorable reception by public and private sector employers;

[(8) describe the extent to which the institution is committed to extending cooperative education on an institution-wide basis for all students who can benefit;

[(9) describe the plans that the applicant will carry out to evaluate the applicant's cooperative education program at the end of the grant period;

[(10) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this title;

[(11) demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian students; and

[(12) include such other information as is essential to carry out the provisions of this title.

[(c) Duration of Grants; Federal Share.—

[(1) Duration of grants.—No individual institution of higher education may receive, individually or as a participant in a combination of such institutions—

[(A) a grant pursuant to subsection (a)(1)(A) for more than 5 fiscal years; or

[(B) a grant pursuant to subsection (a)(1)(B) for more than 5 fiscal years.

[(2) FEDERAL SHARE.—The Federal share of a grant under section 803(a)(1)(A) may not exceed—

[(A) 85 percent of the cost of carrying out the program or activities described in the application in the first year the applicant receives a grant under this section;

[(B) 70 percent of such cost in the second such year;

[(C) 55 percent of such cost in the third such year;

[(D) 40 percent of such cost in the fourth such year; and

[(E) 25 percent of such cost in the fifth such year.

[(3) SPECIAL RULE.—Any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.

[(d) MAINTENANCE OF EFFORT.—If the Secretary determines that a recipient of funds under this section has failed to maintain the fiscal effort described in subsection (b)(3), then the Secretary may elect not to make grant payments under this section to such recipient.

[(e) FACTORS FOR SPECIAL CONSIDERATION OF APPLICATIONS.—

[(1) IN GENERAL.—In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education or combinations of such institutions for programs which show the greatest promise of success because of—

[(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by public and private sector employers;

[(B) the strength of the commitment of the institution of higher education or combination of such institutions to cooperative education as demonstrated by the plans and formalized institutional commitment statement which such institution or combination has made to continue the program after the termination of Federal financial assistance,

[(C) the extent to which the institution or combination is committed to extending cooperative education for all students who can benefit, and

[(D) such other factors as are consistent with the purposes of this section.

[(2) ADDITIONAL SPECIAL CONSIDERATION.—The Secretary shall also give special consideration to applications from institutions of higher education or combinations of such institutions which demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian students.

[SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS; TRAINING AND RESOURCE CENTERS; AND RESEARCH.

[(a) AUTHORIZATION.—The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for—

[(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education from the amounts available in each fiscal year under section 802(b)(3);

[(2) the conduct of training and resource centers designed to—

[(A) train personnel in the field of cooperative education;

[(B) improve materials used in cooperative education programs if such improvement is conducted in conjunction with other activities described in this paragraph;

[(C) furnish technical assistance to institutions of higher education to increase the potential of the institution to continue to conduct a cooperative education program without Federal assistance;

[(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need;

[(E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with one or more institutions of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs; and

[(F) encourage model cooperative education programs in the fields of science and mathematics for women and minorities who are underrepresented in such fields

from the amounts available in each fiscal year under section 802(b)(4); and

[(3) the conduct of research relating to cooperative education, from the amounts available in each fiscal year under section 802(b)(5).

[(b) ADMINISTRATIVE PROVISION.—

[(1) IN GENERAL.—To carry out this section, the Secretary may—

[(A) make grants to or contracts with institutions of higher education, or combinations of such institutions; and

[(B) make grants to or contracts with other public or private nonprofit agencies or organizations, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

[(2) LIMITATION.—(A) The Secretary may not use more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(A).

[(B) The Secretary may use not more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(B).

[(c) SUPPLEMENT NOT SUPPLANT.—A recipient of a grant or contract under this section may use the funds provided only so as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such grant or contract, and in no case to supplant such funds from non-Federal sources.

[TITLE IX—GRADUATE PROGRAMS

[SEC. 901. PURPOSE AND ADMINISTRATIVE PROVISIONS.

[(a) PURPOSE.—It is the purpose of this title to—

[(1) foster and support graduate and professional education;

[(2) provide incentives and support for United States citizens to complete doctoral degree programs leading to academic careers, especially women and students from underrepresented groups; and

[(3) provide support for students from underrepresented groups to complete masters and professional degree programs.

[(b) ADMINISTRATIVE PROVISIONS.—

[(1) COORDINATED ADMINISTRATION.—In carrying out the purposes of this title, the Secretary shall provide for coordinated administration and regulation of graduate programs under this title to ensure that the programs are carried out in a manner most compatible with academic practices.

[(2) HIRING AUTHORITY.—For purposes of carrying out this title, the Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, such administrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such title. Such employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

[(3) USE FOR RELIGIOUS PURPOSES PROHIBITED.—No fellowship shall be awarded under this title for study at a school or department of divinity.

[PART A—GRANTS TO INSTITUTIONS AND CONSORTIA TO ENCOURAGE WOMEN AND MINORITY PARTICIPATION IN GRADUATE EDUCATION

[SEC. 911. GRANTS AUTHORIZED.

[The Secretary shall make grants to institutions of higher education and consortia of such institutions to enable such institutions and consortia—

[(1) to identify talented undergraduate students who—

[(A) demonstrate financial need; and

[(B) are individuals from minority groups underrepresented in graduate education or are women underrepresented in fields of study in graduate education such as the fields of science and mathematics; and

[(2) to provide such students with an opportunity to participate in a program of research and scholarly activities at such institutions or consortia designed to provide such students with effective preparation for graduate study in such fields or related fields.

[SEC. 912. SUBMISSION AND CONTENTS OF APPLICATION.

[(a) REQUIRED INFORMATION.—Each institution of higher education or consortium desiring assistance under this part shall submit an application to the Secretary in such form and containing such information as the Secretary may by regulation prescribe. Each such application shall provide information regarding—

[(1) the program of study, to take the form of summer research internships, seminars, and other educational experiences;

[(2) the institution's or consortium's plan for identifying and recruiting talented women and minority undergraduates, especially those interested in entering fields in which such women and minority undergraduates are underrepresented;

[(3) the participation of faculty in the program and a detailed description of the research in which students will be involved;

[(4) a plan for the evaluation of the effectiveness of the program; and

[(5) such other assurances and information as the Secretary may require by regulation.

[(b) SELECTION REQUIREMENTS.—In making awards to institutions and consortia—

[(1) the Secretary shall consider the quality of the research in which students will be involved as well as the recruitment program and program of study; and

[(2) the Secretary shall ensure an equitable geographic distribution among public and private institutions of higher education and consortia.

[SEC. 913. USE OF FUNDS.

[Awards made to institutions or consortia under this part shall be used exclusively to provide direct fellowship aid which may include need-based stipends, room and board costs, transportation costs, and tuition for courses for which credit is given by the institution or consortium as approved by the Secretary.

[SEC. 914. INFORMATION COLLECTION.

[In order to assist institutions of higher education or consortia to identify talented women and minority undergraduates for graduate study, institutions or consortia receiving awards under this part shall provide to the Secretary such information as the Secretary determines is necessary to carry out this section. With respect to students participating in a summer internship under this part, the Secretary shall collect information submitted by such institutions or consortia, such as the students' names, addresses, and institutions attended for undergraduate study. The Secretary shall, subject to the authorization of each student, make the information available to institutions of higher education or consortia offering graduate programs seeking to identify talented women and minority undergraduates for graduate study.

[SEC. 915. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART B—PATRICIA ROBERTS HARRIS FELLOWSHIP PROGRAM

[SEC. 921. STATEMENT OF PURPOSE; DESIGNATION.

[(a) Purpose.—It is the purpose of this part to provide, through institutions of higher education, a program of grants to assist in making available the benefits of master's level, professional, and doctoral education programs to individuals from minority groups and women who are underrepresented in such programs.

[(b) Designation.—Each recipient of such an award under this part shall be known as a "Patricia Roberts Harris Graduate Fellow".

[SEC. 922. PROGRAM AUTHORIZED.

[(a) Grants by Secretary.—

[(1) In general.—The Secretary shall make grants to institutions of higher education to enable such institutions to make grants in accordance with the provisions of this part.

[(2) Reservations.—The Secretary shall reserve—

[(A) 50 percent of the amount appropriated pursuant to the authority of section 924 to award grants to institutions of higher education to enable such institutions to make awards for master's level and professional study; and

[(B) 50 percent of such amount to award grants to such institutions to enable such institutions to make awards for doctoral study.

[(b) Distribution and Amounts of Grants.—

[(1) Equitable distribution.—In making such grants the Secretary shall, to the maximum extent feasible, ensure an equitable geographic distribution of awards and an equitable distribution among eligible public and independent institutions of higher education.

[(2) Reallotment.—Whenever the Secretary determines that an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot such amounts not needed to institutions which can use the grants authorized by this part.

[(c) Applications.—Any eligible institution of higher education offering a program of postbaccalaureate study leading to a master's level, professional, or doctoral degree may apply for grants under this part. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Such application may be made on behalf of professional schools, academic departments, or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

[(d) SELECTION OF APPLICATIONS.—In making grants to institutions of higher education, the Secretary shall—

[(1) take into account present and projected needs for highly trained individuals in academic career fields of high national priority;

[(2) consider the need to prepare a larger number of women and individuals from minority groups, especially from among such groups which have been traditionally underrepresented in professional and academic careers requiring master's level, professional, or doctoral degrees, but nothing contained in this paragraph shall be interpreted to require any institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area;

[(3) take into account the need to expand access by women and minority groups to careers heretofore lacking adequate representation of women and minority groups; and

[(4) take into account the success of the applicant in providing students with access to careers in which women and minority groups are underrepresented.

[(e) PRIORITIES FOR FELLOWSHIPS.—The Secretary shall assure that, in making grants under this part, a priority for awards is accorded to—

[(1) individuals from minority groups and women who are pursuing master's level or professional study in fields in which they are underrepresented;

[(2) individuals from minority groups and women who are pursuing master's level study leading to careers that serve the public interest; and

[(3) women and individuals from traditionally underrepresented groups undertaking doctoral study, including those interested in entering the fields of science and mathematics.

[(f) INSTITUTIONAL PAYMENTS.—(1) The Secretary shall pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

[(A) $6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993–1994; and

[(B) with respect to individuals who first receive fellowships during or after academic year 1993–1994—

[(i) $9,000 for the academic year 1993–1994; and

[(ii) for succeeding academic years, $9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

[(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

[SEC. 923. AWARD OF FELLOWSHIPS.

[(a) Awards.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary may establish shall reflect the purpose of this program to encourage students to undertake master's level, professional, and doctoral study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1993–1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

[(b) Requirements for Awards.—

[(1) Master's or professional degree.—No student enrolled in graduate study leading to a master's or professional degree shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study or research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed the normal period for completing the program in which the student is enrolled or a total of 3 years, whichever is less, except that the Secretary may provide by regulation for the granting of such fellowships for an additional period of study not to exceed one 12-month period, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient.

[(2) Doctoral degree.—No student enrolled in graduate study leading to a doctoral degree shall receive an award under this part except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study, research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), or dissertation work in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 3 years, consisting of not more than 2 years of support for study or research, and not more than 1 year of support for dissertation work, provided that the student has attained satisfactory progress prior to the dissertation stage, except that the Secretary may provide by regulation for the granting of such fellowships for an additional period of study not to exceed one 12-month period, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient. The institution shall provide 2 years of support for each student following the years of Federal predissertation support under this part. Any student receiving an award for graduate study leading to a doctoral degree shall receive at least 1 year of supervised training in instruction during such student's doctoral program.

[(3) CONTINUATION OF AWARDS UNDER PRIOR LAW.—Notwithstanding any other provision of law, in the case of an individual who was awarded a multiyear fellowship under this part before the date of enactment of the Higher Education Amendments of 1992, awards to such individual for the remainder of such fellowship may, at the discretion of the institution of higher education attended by such individual, be subject to the requirements of this subsection as in effect prior to such date of enactment. The institution shall be required to exercise such discretion at the time that its application to the Secretary for a grant under this part, and the amount of any such grant, are being considered by the Secretary.

[SEC. 924. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $60,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part. Notwithstanding any other provision of law, the Secretary may use funds appropriated pursuant to this section for fiscal year 1994 to make continuation awards under section 923(b)(3) to individuals who would have been eligible for such awards in fiscal year 1993 if such section had been in effect.

[PART C—JACOB K. JAVITS FELLOWSHIP PROGRAM

[SEC. 931. AWARD OF JACOB K. JAVITS FELLOWSHIPS.

[(a) AUTHORITY AND TIMING OF AWARDS.—The Secretary is authorized to award fellowships in accordance with the provisions of this part for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement and exceptional promise. These fellowships shall be awarded to students intending to pursue a doctoral degree, except that fellowships may be granted to students pursuing a master's degree in those fields in which the master's degree is commonly accepted as the appropriate degree for a tenured-track faculty position in a baccalaureate degree-granting institution. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.

[(b) DESIGNATION OF FELLOWS.—Students receiving awards under this part shall be known as "Jacob K. Javits Fellows".

[(c) INTERRUPTIONS OF STUDY.—The institution of higher education may allow a fellowship recipient to interrupt periods of study for a period not to exceed 12 months for the purpose of work, travel, or independent study away from the campus, if such independent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month periods during which the student is pursuing travel or independent study supportive of the recipient's academic program.

[SEC. 932. ALLOCATION OF FELLOWSHIPS.

[(a) FELLOWSHIP BOARD.—

[(1) APPOINTMENT.—The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board (hereinafter in this part referred to as the "Board") consisting of 9 individuals representative of both public and private institutions of higher education who are especially qualified to serve on the Board. In making appointments, the Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly knowledgeable about and have experience in graduate education in arts, humanities, and social sciences.

[(2) DUTIES.—The Board shall—

[(A) establish general policies for the program established by this part and oversee its operation;

[(B) establish general criteria for the distribution of fellowships among eligible academic fields identified by the Board;

[(C) appoint panels of academic scholars with distinguished backgrounds in the arts, humanities, and social sciences for the purpose of selecting fellows; and

[(D) prepare and submit to the Congress at least once in every 3-year period a report on any modifications in the program that the Board determines are appropriate.

[(3) CONSULTATIONS.—In carrying out its responsibilities, the Board shall consult on a regular basis with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and representatives of institutions of higher education and associations of such institution, learned societies, and professional organizations.

[(4) TERM.—The term of office of each member of the Board shall be 4 years, except that any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed. No member may serve for a period in excess of 6 years.

[(5) INITIAL MEETING; VACANCY.—The Secretary shall call the first meeting of the Board, at which the first order of business shall be the election of a Chairperson and a Vice Chairperson, who shall serve until 1 year after the date of their appointment. Thereafter each officer shall be elected for a term of 2 years. In case a vacancy occurs in either office, the Board shall elect an individual from among the members of the Board to fill such vacancy.

[(6) QUORUM; ADDITIONAL MEETINGS.—(A) A majority of the members of the Board shall constitute a quorum.

[(B) The Board shall meet at least once a year or more frequently, as may be necessary, to carry out its responsibilities.

[(7) COMPENSATION.—Members of the Board, while serving on the business of the Board, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate of basic pay payable for level IV of the Executive Schedule, including traveltime, and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

[(b) USE OF SELECTION PANELS.—The recipients of fellowships shall be selected in each designated field from among all applicants nationwide in each field by distinguished panels appointed by the Board to make such selections under criteria established by the Board. The number of recipients in each field in each year shall not exceed the number of fellows allocated to that field for that year by the Board.

[(c) FELLOWSHIP PORTABILITY.—Each recipient shall be entitled to use the fellowship in a graduate program at any accredited institution of higher education in which the recipient may decide to enroll.

[SEC. 933. STIPENDS.

[(a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this part such stipends as the Secretary may establish, reflecting the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1993–1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

[(b) INSTITUTIONAL PAYMENTS.—

[(1) IN GENERAL.—(A) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in subparagraph (B), such allowance shall be—

[(i) $6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993–1994; and

[(ii) with respect to individuals who first receive fellowships during or after academic year 1993–1994—

[(I) $9,000 for the academic year 1993–1994; and

[(II) for succeeding academic years, $9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

[(B) The institutional allowance paid under subparagraph (A) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

[(2) SPECIAL RULES.—(A) Beginning March 1, 1992, any applicant for a fellowship under this part who has been notified in writing by the Secretary that such applicant has been selected to receive such a fellowship and is subsequently notified that the fellowship award has been withdrawn, shall receive such fellowship unless the Secretary subsequently makes a determination that such applicant submitted fraudulent information on the application.

[(B) Subject to the availability of appropriations, amounts payable to an institution by the Secretary pursuant to this subsection shall not be reduced for any purpose other than the purposes specified under paragraph (1).

[SEC. 934. FELLOWSHIP CONDITIONS.

[(a) REQUIREMENTS FOR RECEIPT.—An individual awarded a fellowship under the provisions of this part shall continue to receive payments provided in section 933 only during such periods as the Secretary finds that such individual is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Secretary.

[(b) REPORTS FROM RECIPIENTS.—The Secretary is authorized to require reports containing such information in such form and filed at such times as the Secretary determines necessary from any person awarded a fellowship under the provisions of this part. The reports shall be accompanied by a certificate from an appropriate official at the institution of higher education, library, archive, or other research center approved by the Secretary, stating that such individual is making satisfactory progress in, and is devoting essentially full time to the program for which the fellowship was awarded.

[SEC. 935. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

[PART D—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

[SEC. 941. PURPOSE.

[In order to sustain and enhance the capacity for teaching and research in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

[SEC. 942. GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS.

[(a) GRANT AUTHORITY.—

[(1) IN GENERAL.—The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part.

[(2) ADDITIONAL GRANTS.—The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for the support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organization which—

[(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and is exempt from tax under section 501(a) of such Code;

[(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

[(C) is not a private foundation;

[(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

[(E) has necessary research resources not otherwise readily available in such institutions to such students.

[(b) AWARD AND DURATION OF GRANTS.—

[(1) AWARDS.—The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

[(2) DURATION.—The Secretary shall approve a grant recipient under this part for a 3-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than $100,000 or greater than $750,000 per fiscal year.

[(3) REALLOTMENT.—Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

[(c) PREFERENCE TO CONTINUING GRANT RECIPIENTS.—

[(1) IN GENERAL.—The Secretary shall make new grant awards under this part only to the extent that each previous grant recipient has received continued funding in accordance with subsection (b)(2).

[(2) RATABLE REDUCTION.—To the extent that appropriations under this part are insufficient to comply with paragraph (1), available funds shall be distributed by ratably reducing the amounts required to be awarded by subsection (b)(2).

[SEC. 943. INSTITUTIONAL ELIGIBILITY.

[(a) ELIGIBILITY CRITERIA.—Any academic department or program of an institution of higher education that offers a program of postbaccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of postbaccalaureate study has been in existence for at least 4 years at the time of application for assistance under this part.

[(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need, such as mathematics, biology, physics, chemistry, engineering, geosciences, computer science, or foreign languages and area studies. In making such designations, the Secretary shall take into account the extent to which the interest is compelling and the extent to which other Federal programs support postbaccalaureate study in the area concerned.

[SEC. 944. CRITERIA FOR APPLICATIONS.

[(a) SELECTION OF APPLICATIONS.—The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program quality by geographically balanced review panels of nationally recognized scholars. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

[(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant, shall—

[(1) describe the current academic program of the applicant for which the grant is sought;

[(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part;

[(3) set forth policies and procedures to assure that, in making fellowship awards under this part the institution will seek talented students from traditionally underrepresented backgrounds, as determined by the Secretary;

[(4) set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

[(A) have financial need, as determined under criteria developed by the institution;

[(B) have excellent academic records in their previous programs of study;

[(C) plan teaching or research careers; and

[(D) plan to pursue the highest possible degree available in their course of study;

[(5) set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this part and in no case to supplant those funds;

[(6) provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will endeavor, from any funds available to it, to fulfill the commitment to the student,

[(7) provide that the applicant will comply with the limitations set forth in section 945;

[(8) provide assurances that the academic department will provide at least 1 year of supervised training in instruction for students; and

[(9) include such other information as the Secretary may prescribe.

[SEC. 945. AWARDS TO GRADUATE STUDENTS.

[(a) COMMITMENTS TO GRADUATE STUDENTS.—

[(1) IN GENERAL.—An academic department or program of an institution of higher education shall make commitments to graduate students (including students pursuing a doctoral degree after having completed a master's degree program at an institution of higher education) at any point in their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 5 years.

[(2) SPECIAL RULE.—No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

[(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary establishes shall reflect the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1993–1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

[(c) Treatment of Institutional Payments.—An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this part in amounts that exceed the institutional payments made by the Secretary pursuant to section 946(a) may count such payments toward the amounts the institution is required to provide pursuant to section 944(b)(2).

[(d) Academic Progress Required.—Notwithstanding the provisions of subsection (a), no student shall receive an award—

[(1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or

[(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

[SEC. 946. ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.

[(a) Institutional Payments.—(1) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

[(A) $6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993–1994; and

[(B) with respect to individuals who first receive fellowships during or after academic year 1993–1994—

[(i) $9,000 for the academic year 1993–1994; and

[(ii) for succeeding academic years, $9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

[(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

[(b) Use for Overhead Prohibited.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

[SEC. 947. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $40,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

[PART E—FACULTY DEVELOPMENT FELLOWSHIP PROGRAM

[SEC. 951. FELLOWSHIPS AUTHORIZED.

[(a) Fellowship Program Authorization.—The Secretary shall make grants to institutions of higher education or consortia of such institutions and nonprofit organizations associated with institutions of higher education, with a demonstrated record of enhancing the access of individuals from underrepresented groups including African Americans, Asian Americans, Hispanic Americans, Native Americans, Pacific Islanders, and Native Hawaiians, to enable such institutions or consortia to—

[(1) identify talented faculty from underrepresented groups who wish to—

[(A) continue in the higher education professorate and obtain a doctoral degree; or

[(B) participate in faculty professional development programs specifically designed to advance the careers of underrepresented minorities;

[(2) identify talented baccalaureate degree recipients from underrepresented groups who have financial need and who wish to obtain a doctoral degree and enter the higher education professorate; and

[(3) provide the individuals described in paragraphs (1) and (2) with a fellowship to assist such students in obtaining a doctoral degree or to participate in a faculty development program.

[(b) GEOGRAPHIC DISTRIBUTION.—In awarding grants pursuant to subsection (a), the Secretary shall ensure—

[(1) an equitable geographic distribution of such grants; and

[(2) that both public and private institutions of higher education are fairly represented among the grant recipients.

[(c) SPECIAL RULE.—

[(1) EQUITABLE DISTRIBUTION.—Each institution of higher education or consortium receiving a grant under this part shall ensure that during the period of the grant there is an equitable distribution of fellowships under this part among underrepresented groups.

[(2) CONSTRUCTION.—Nothing in this section shall be interpreted to require any institution of higher education or consortium to grant preference or disparate treatment to the members of one group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this part, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area.

[(d) WAIVER BY THE SECRETARY.—The Secretary may waive all or any portion of the requirement under subsection (b) upon application of any institution which is eligible for funds under title III of this Act, pursuant to criteria established by the Secretary by regulation.

[(e) SELECTION REQUIREMENTS.—In awarding grants under subsection (a), the Secretary shall give priority to applications describing programs that—

[(1) provide to each fellowship recipient—

[(A) a tuition waiver; and

[(B)(i) a minimum $2,000 stipend; or

[(ii) additional financial support in conjunction with teaching or research activities that are part of such recipient's doctoral program;

[(2) provide additional financial support to each fellowship recipient from non-Federal resources, either in cash or in kind, such as contributions from the business community and civic organizations;

[(3) emphasize courses of study leading to the doctoral degrees in disciplines where minorities are underrepresented; and

[(4) describe steps to ensure that a fellowship recipient will teach at an institution of higher education where minority undergraduate students are likely to benefit from the educational experience and academic achievement of such recipient.

[(f) DESIGNATION.—Students receiving fellowship awards under this part shall be known as "Faculty Development Fellows".

[SEC. 952. FELLOWSHIPS.

[Each institution of higher education or consortium receiving a grant under this part shall award fellowships in an amount equal to the amount awarded to National Science Foundation graduate fellowship recipients for that year, or an amount based on the financial need of the recipient (as determined by the institution in accordance with measurements of need approved by the Secretary) whichever is less.

[SEC. 953. APPLICATION.

[(a) APPLICATION REQUIRED.—Each institution of higher education or consortium desiring a grant under this part shall submit an application to the Secretary at such time, in such manner and containing such information as the Secretary may by regulation reasonably require.

[(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall contain—

[(1) the institution of higher education's or consortium's plan for identifying and recruiting faculty and baccalaureate degree recipients who may participate in the program assisted under this part;

[(2) a description of the program or programs of doctoral study that the institution of higher education or consortium plans to offer in the institution's doctoral program;

[(3) the institution of higher education's or consortium's plan for using minority faculty and other faculty as advisors and academic resources in support of the program assisted under this part;

[(4) a description of other resources of the institution of higher education or consortium, including tuition waivers, assistantships or financial aid other than loans, that such institution or consortium shall make available to fellowship recipients;

[(5) a description of the method such institution or consortium shall use to determine a student's financial need;

[(6) the names of those undergraduate institutions which are historically or predominantly black colleges and universities or other institutions with significant enrollments of African Americans, Asian Americans, Hispanic Americans, Native Hawaiians, Pacific Islanders, and Native Americans which have agreed to cooperate with the applicant institution to carry out the purposes of this part; and

[(7) such other assurances and information as the Secretary may reasonably require by regulation.

[SEC. 954. FELLOWSHIP AGREEMENT.

[Each recipient of a fellowship under this part shall enter into an agreement with the institution of higher education or consortium awarding such fellowship under which the fellowship recipient shall—

[(1) in the case of a fellowship recipient described in section 951(a)(1), within a 5-year period after completing the doctoral degree for which the fellowship under this part was awarded, teach, for a period of not less than 1 year for each year for which financial assistance under this part was received, in a public or private nonprofit institution of higher education that has a significant minority enrollment;

[(2) in the case of a fellowship recipient described in section 951(a)(2), within a 5-year period after completing the doctoral degree for which the fellowship under this part was awarded, teach, for a period of not less than 1 year for each year for which financial assistance under this part was received, in a public or private nonprofit institution of higher education;

[(3) agree to provide the Secretary with evidence of compliance, determined pursuant to regulations issued by the Secretary, with the provisions of paragraph (1) or (2); and

[(4) repay all or part of the fellowship received, plus interest, and if applicable reasonable collection fees, under regulations issued by the Secretary, in the event the conditions of paragraph (1) or (2) are not complied with, except as provided in section 956.

[SEC. 955. FELLOWSHIP REPAYMENT PROVISIONS.

[A recipient of a fellowship under this part found by the Secretary to be in noncompliance with the agreement entered into under section 954(1) or 954(2) shall be required to repay a pro rata amount of such fellowship assistance received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of title IV) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this part.

[SEC. 956. EXCEPTIONS TO REPAYMENT PROVISIONS.

[(a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 954 (1) or (2) during any period in which the recipient—

[(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

[(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

[(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

[(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

[(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

[(6) is engaged in full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or a public or private nonprofit preschool, education program; or

[(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this part.

[(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any fellowship assistance received under this part if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

[SEC. 957. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART F—ASSISTANCE FOR TRAINING IN THE LEGAL PROFESSION

[SEC. 961. PROGRAM REQUIREMENTS.

[(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to assist minority, low-income, or educationally disadvantaged college graduates to successfully pursue a law degree and service in the legal profession through an annual grant or contract with the Council on Legal Education Opportunity (hereinafter CLEO). A grant or contract under this part shall permit CLEO to use up to 6 percent of the funds provided for administrative costs of the grant or contract.

[(b) SERVICES AUTHORIZED.—A legal training project under this part may provide the following services:

[(1) Assistance and counseling in gaining admission to accredited law schools.

[(2) A 6-week intensive summer program designed to prepare minority, low-income or educationally disadvantaged individuals for the successful completion of legal studies.

[(3) An academic-year program of tutorial services, academic advice and counseling designed to assist eligible participants successfully complete their legal training, which may include—

[(A) instruction in reading, legal research, legal writing skills and problem analysis;

[(B) academic advice and assistance in course selection;

[(C) advisement about financing their legal education and available student financial aid;

[(D) personal and professional counseling relative to career alternatives in the legal profession and bar examination preparation; and

[(E) any other activity consistent with subparagraphs (A) through (D) which furthers the objectives of this part which the Secretary may, by regulation, reasonably require.

[(c) Use of Funds.—The Secretary shall by grant or contract on a biennial basis, with the Council on Legal Education Opportunity, cover all or part of the cost of—

[(1) publicizing the existence and availability of program funds to assist minority, low-income, and educationally disadvantaged individuals to pursue a legal education;

[(2) selecting minority, low-income and educationally disadvantaged individuals for training for the legal profession;

[(3) facilitating the entry of such individuals into law schools at institutions of higher education for the purpose of pursuing a legal education;

[(4) selecting from among all qualified applicants, which shall provide the services authorized by section 961(b) (2) or (3);

[(5) evaluating the quality, impact and continuing feasibility of the programs implemented under section 961(b);

[(6) providing, through the institutions, agencies, and organizations selected under paragraph (4), for not more than 6 months prior to entry of such individuals upon their course of training for the legal profession, or following entry, training designed to assist them to complete successfully such training for the legal profession;

[(7) paying such stipends (including allowances for participant travel and for their dependents) as the Secretary may determine for such individuals for any such period of preliminary training for the legal profession during which such individuals maintain satisfactory academic progress toward the J.D. or LL.B. degree, as determined by the respective institution; and

[(8) paying for administrative activities of the institutions of higher education, agencies, or organizations which receive subgrants or contracts under paragraph (6), or with which such contracts are entered into, to the extent that such activities are for the purpose of furthering the activities described in paragraphs (1) through (7).

[SEC. 962. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $7,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART G—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS

[SEC. 971. PROGRAM AUTHORIZED.

[(a) Grant and Contract Purposes.—The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 percent of the costs of continuing, expanding, or establishing programs in such schools to provide clinical experience to students in the practice of law, which includes any form of law student work involving performance in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provision of representation of or services to an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. Preference shall be given to those programs providing legal experience in the preparation and trial of actual cases, including administrative cases and the settlement of controversies outside the courtroom. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

[(1) Judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor.

[(2) Office or house counsel problems.

[(3) Factual investigation, empirical research, or policy or legal analysis.

[(b) USE OF FUNDS.—Such costs may include necessary expenditures incurred for—

[(1) planning;

[(2) training of faculty members and salary for additional faculty members;

[(3) travel and per diem for faculty and students;

[(4) reasonable stipends for students for work in the public service performed as part of any such program at a time other than during the regular academic year;

[(5) equipment and library resources;

[(6) involving practicing lawyers in the process of training law students to perform as lawyers; and

[(7) such other items as are allowed pursuant to regulations issued by the Secretary.

[(c) LIMITATIONS ON AMOUNTS.—No law school may receive more than $250,000 in any fiscal year pursuant to this part, no part of which may be used to pay for indirect costs or charges.

[(d) DEFINITION.—For the purpose of this part, the term "accredited law school" means any law school which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, including any combination or consortium of such schools.

[SEC. 972. APPLICATIONS.

[(a) REQUIREMENTS.—A grant or contract authorized by this part may be made by the Secretary upon application which—

[(1) is made at such time or times and contains such information as the Secretary may prescribe;

[(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

[(3) provides for making such reports, in such form and containing such information as the Secretary may require to carry out functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

[(b) Distribution of Grants and Contracts.—The Secretary shall allocate grants or contracts under this part in such manner as will provide an equitable distribution of such grants or contracts throughout the United States among law schools which show promise of being able to use funds effectively for the purposes of this part.

[SEC. 973. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

[PART A—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

[Subpart 1—Program Authority

[SEC. 1001. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

[(a) Authority.—The Secretary is authorized to make grants to, or enter into contracts with, institutions of higher education or combinations of such institutions and other public and private nonprofit institutions and agencies, to enable such institutions and combinations of such institutions to improve postsecondary education opportunities by—

[(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

[(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experiential learning;

[(3) the establishment of institutions and programs based on the technology of communications;

[(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

[(5) the design and introduction of cost-effective methods of instruction and operation;

[(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

[(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

[(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

[(b) Planning Grants.—The Secretary is authorized to make planning grants to institutions of higher education for the development and testing of innovative techniques in postsecondary education. Such grants shall not exceed $20,000.

[SEC. 1002. NATIONAL BOARD OF THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

[(a) ESTABLISHMENT.—There is established a National Board of the Fund for the Improvement of Postsecondary Education (hereafter in this part referred to as the "Board"). The Board shall consist of 15 members appointed by the Secretary for overlapping 3-year terms. A majority of the Board shall constitute a quorum. Any member of the Board who has served for 6 consecutive years shall thereafter be ineligible for appointment to the Board during a 2-year period following the expiration of such sixth year.

[(b) MEMBERSHIP.—

[(1) IN GENERAL.—The Secretary shall designate one of the members of the Board as Chairperson of the Board. A majority of the members of the Board shall be public interest representatives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change.

[(2) APPOINTMENT OF DIRECTOR.—The Secretary shall appoint the Director of the Fund for the Improvement of Postsecondary Education (hereafter in this part referred to as the "Director").

[(c) DUTIES.—The Board shall—

[(1) advise the Secretary and the Director on priorities for the improvement of postsecondary education and make such recommendations as the Board may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

[(2) advise the Secretary and the Director on the operation of the Fund for the Improvement of Postsecondary Education, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund; and

[(3) meet at the call of the Chairperson, except that the Board shall meet whenever one-third or more of the members request in writing that a meeting be held.

[(d) INFORMATION AND ASSISTANCE.—The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

[SEC. 1003. ADMINISTRATIVE PROVISIONS.

[(a) TECHNICAL EMPLOYEES.—The Secretary may appoint, for terms not to exceed 3 years, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not more than 5 technical employees to administer this subpart who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

[(b) PROCEDURES.—The Director shall establish procedures for reviewing and evaluating grants and contracts made or entered into under this subpart. Procedures for reviewing grant applications or contracts for financial assistance under this section may not be subject to any review outside of officials responsible for the administration of the Fund for the Improvement of Postsecondary Education.

[SEC. 1004. AUTHORIZATION OF APPROPRIATIONS.

[(a) IN GENERAL.—There are authorized to be appropriated to carry out this subpart (except for section 1001(b)) $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) PLANNING GRANTS.—There are authorized to be appropriated to carry out section 1001(b) $1,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[Subpart 2—Special Projects in Areas of National Need

[SEC. 1011. SPECIAL PROJECTS.

[(a) GRANT AUTHORITY.—The Director is authorized to make grants to institutions of higher education, or consortia thereof, and such other public agencies and nonprofit organizations as the Director deems necessary for innovative projects concerning one or more areas of particular national need identified by the Director.

[(b) APPLICATION.—No grant shall be made under this part unless an application is made at such time, in such manner, and contains or is accompanied by such information as the Secretary may require.

[(c) AREAS OF NATIONAL NEED.—Areas of national need shall initially include, but shall not be limited to, the following:

[(1) International exchanges.

[(2) Campus climate and culture.

[(3) Evaluation and dissemination.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subpart $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART B—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

[SUBPART 1—MINORITY SCIENCE IMPROVEMENT PROGRAM

[SEC. 1021. PURPOSE; AUTHORITY.

[(a) It is the purpose of this subpart to continue the authority of the Department to operate the Minority Institutions Science Improvement Program created under section 3(a)(1) of the National Science Foundation Act of 1950 and transferred to the Department by section 304(a)(1) of the Department of Education Organization Act of 1979.

[(b) The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvement in science and engineering education at predominantly minority institutions and to increase the participation of underrepresented ethnic minorities, particularly minority women, in scientific and technological careers.

[SEC. 1022. GRANT RECIPIENT SELECTION.

[(a) Establishment of Criteria.—Grants under this subpart shall be awarded on the basis of criteria established by the Secretary by regulations.

[(b) Priorities To Be Given in Criteria.—In establishing criteria under subsection (a), the Secretary shall give priority to applicants which have not previously received funding from the Minority Institutions Science Improvement Program and to previous grantees with a proven record of success, as well as to applications that contribute to achieving balance among projects with respect to geographic region, academic discipline, and project type.

[(c) Required Criteria.—In establishing criteria under subsection (a), the Secretary may consider the following selection criteria in making grants:

[(1) plan of operation;
[(2) quality of key personnel;
[(3) budget and cost effectiveness;
[(4) evaluation plan;
[(5) adequacy of resources;
[(6) identification of need for the project;
[(7) potential institutional impact of the project;
[(8) institutional commitment to the project;
[(9) expected outcomes; and
[(10) scientific and educational value of the proposed project.

[SEC. 1023. USE OF FUNDS.

[(a) Types of Grants.—Funds appropriated to carry out this subpart may be made available as—

[(1) institutional grants (as defined in section 1046(6));
[(2) cooperative grants (as defined in section 1046(7));
[(3) design projects (as defined in section 1046(8)); or
[(4) special projects (as defined in section 1046(9)).

[(b) Authorized Uses for Each Type of Grant.—(1) The authorized uses of funds made available as institutional grants include (but are not limited to)—

[(A) faculty development programs; or
[(B) development of curriculum materials.

[(2) The authorized uses of funds made available as cooperative grants include (but are not limited to)—

[(A) assisting institutions in sharing facilities and personnel;

[(B) disseminating information about established programs in science and engineering;

[(C) supporting cooperative efforts to strengthen the institutions' science and engineering programs; or

[(D) carrying out a combination of any of the activities in subparagraphs (A) through (C).

[(3) The authorized uses of funds made available as design projects include (but are not limited to)—

[(A) developing planning, management, and evaluation systems; or

[(B) developing plans for initiating scientific research and for improving institutions' capabilities for such activities.

Funds used for design project grants may not be used to pay more than 50 percent of the salaries during any academic year of faculty members involved in the project.

[(4) The authorized uses of funds made available as special projects include (but are not limited to)—

[(A) advanced science seminars;

[(B) science faculty workshops and conferences;

[(C) faculty training to develop specific science research or education skills;

[(D) research in science education;

[(E) programs for visiting scientists;

[(F) preparation of films or audio-visual materials in science;

[(G) development of learning experiences in science beyond those normally available to minority undergraduate students;

[(H) development of pre-college enrichment activities in science; or

[(I) any other activities designed to address specific barriers to the entry of minorities into science.

[SEC. 1024. MULTIAGENCY STUDY OF MINORITY SCIENCE PROGRAMS.

[SEC. 1024. The Secretary, in cooperation with the heads of other departments and agencies that operate programs similar in purposes to the Minority Science Improvement Program which seek to increase minority participation and representation in scientific fields, shall submit a report to the President and Congress summarizing and evaluating such programs by January 1, 1996.

[SUBPART 2—SCIENCE AND ENGINEERING ACCESS PROGRAMS

[SEC. 1031. MINORITY SUPPORT IN SCIENCE AND ENGINEERING PROGRAMS.

[SEC. 1031. The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support programs for minority students enrolled in science and engineering programs at institutions with a significant minority enrollment (at least 10 percent).

[SEC. 1032. SPECIAL SERVICE PROJECTS PROGRAM.

[The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support to accredited colleges and universities and professional scientific societies for a broad range of activities designed to eliminate or reduce specific barriers to the entry of minorities into science and technology.

[SEC. 1033. SUPPORTABLE ACTIVITIES.

[Funds appropriated for the purpose of this subpart may be made available for—

[(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

[(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;

[(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

[(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;

[(5) improving access of minority students, particularly minority women, to careers in the sciences, mathematics, and engineering;

[(6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

[(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

[(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and

[(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, mathematics, and engineering programs and dissemination of their results.

[SUBPART 3—ADMINISTRATIVE AND GENERAL PROVISIONS

[SEC. 1041. ELIGIBILITY FOR GRANTS.

[Eligibility to receive grants under this part is limited to—

[(1) public and private nonprofit institutions that are minority institutions (as defined in section 1046(3));

[(2) nonprofit science-oriented organizations, professional scientific societies, and all nonprofit, accredited colleges and universities which provide a needed service to a group of eligible minority institutions or which provide in-service training for project directors, scientists, and engineers from eligible minority institutions; and

[(3) for the purposes of section 1032, public and private nonprofit institutions that have at least 10 percent minority enrollment.

[SEC. 1042. GRANT APPLICATION.

[(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—An eligible applicant (as determined under section 1041) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

[(1) a program of activities for carrying out one or more of the purposes described in section 1021(b) in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

[(2) such other policies, procedures, and assurances as the Secretary may require by regulation.

[(b) Approval Based on Likelihood of Progress.—The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are likely to make substantial progress toward achieving the purposes of this part.

[SEC. 1043. CROSS PROGRAM AND CROSS AGENCY COOPERATION.

[The Minority Science and Engineering Improvement Programs shall cooperate and consult with other programs within the Department and within Federal, State, and private agencies which carry out programs to improve the quality of science, mathematics, and engineering education.

[SEC. 1044. ADMINISTRATIVE PROVISIONS.

[(a) Technical Staff.—The Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not less than 2 technical employees with appropriate scientific and educational background to administer the programs under this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

[(b) Procedures for Grant Review.—The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this title may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Programs.

[SEC. 1046. DEFINITIONS.

[For the purpose of this part—

[(1) The term "accredited" means currently certified by a nationally recognized accrediting agency or making satisfactory progress toward achieving accreditation.

[(2) The term "minority" means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

[(3) The term "minority institution" means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office for Civil Rights, Department of Education.

[(4) The term "science" means, for the purpose of this program, the biological, engineering, mathematical, physical, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.

[(5) The term "underrepresented in science and engineering" means a minority group whose number of scientists and engineers per 10,000 population of that group is substantially below the comparable figure for scientists and engineers who are white and not of Hispanic origin.

[(6) The term "institutional grant" means a grant that supports the implementation of a comprehensive science improvement plan, which may include any combination of activities for improving the preparation of minority students for careers in science.

[(7) The term "cooperative grant" means a grant that assists groups of nonprofit accredited colleges and universities to work together to conduct a science improvement program.

[(8) The term "design projects" means projects that assist minority institutions that do not have their own appropriate resources or personnel to plan and develop long-range science improvement programs.

[(9) The term "special projects" means—

[(A) a special project grant to a minority institution which support activities that—

[(i) improve the quality of training in science and engineering at minority institutions; or

[(ii) enhance the minority institutions' general scientific research capabilities; or

[(B) a special project grant to any eligible applicant which supports activities that—

[(i) provide a needed service to a group of eligible minority institutions; or

[(ii) provide in-service training for project directors, scientists, and engineers from eligible minority institutions.

[SEC. 1047. AUTHORIZATION OF APPROPRIATIONS.

[(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out the purposes of this part, $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) APPROPRIATION LIMITATION.—For any fiscal year, 50 percent of the funds appropriated for this part shall be allocated for the purpose of section 1021, 33.33 percent for the purpose of section 1031, and 16.67 percent for the purpose of section 1032.

[PART C—WOMEN AND MINORITIES SCIENCE AND ENGINEERING OUTREACH DEMONSTRATION PROGRAM

[SEC. 1061. PURPOSE.

[It is the purpose of this part to provide grants to institutions working in partnership with elementary and secondary schools to establish outreach programs for female and minority elementary and secondary school students to increase the participation of those students in science and engineering undergraduate and graduate degree programs.

[SEC. 1062. PROGRAM AUTHORIZED.

[The Secretary shall, in accordance with the provision of this part, award grants to eligible institutions to enable such eligible institutions to pay the Federal share of the costs of carrying out a program that is designed to enhance, coordinate, develop, and expand programs and initiatives which identify and encourage female and minority elementary and secondary school students to pursue higher education in preparation for careers in science and engineering.

[SEC. 1063. ELIGIBLE INSTITUTIONS.

[(a) DEFINITION.—For the purpose of this part the term "eligible institution" means an institution of higher education which—

[(1) has science and engineering programs;

[(2) has female and minority enrollment and retention rates significantly higher than the national averages of such rates, but does not meet the definition of "minority institution" set forth in section 1046(3);

[(3) demonstrates its ability to conduct outreach activities in science and engineering to female and minority students at the elementary and secondary school levels;

[(4) incorporates the use of advanced telecommunications equipment, including fiber optics and interactive video systems, to improve the development of intermodal programs targeted toward female and minority students;

[(5) enters into a partnership agreement with a local educational agency and at least 1 local business or industry; and

[(6) describes in the application submitted pursuant to section 1065 the duties of each partner entering into the partnership agreement described in paragraph (5).

[(b) LIMITATION.—The Secretary shall award at least 40 percent of the total funds made available under this section in any fiscal year to eligible institutions located in any of the Nation's ten largest metropolitan statistical areas.

[SEC. 1064. AMOUNT, DURATION, AND USE OF FUNDS.

[(a) AMOUNT AND DURATION OF GRANTS.—Grants under this part shall be provided in an amount which is not less than $500,000 in a single fiscal year, and shall be continued for a period not to exceed 5 fiscal years.

[(b) USE OF GRANTS.—Grants provided under this section may be used for—

[(1) the operation and administration of outreach programs to elementary and secondary school students;

[(2) faculty development programs in support of outreach programs;

[(3) curriculum development in support of the outreach programs;

[(4) disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education;

[(5) supporting cooperative efforts with elementary and secondary schools, community groups, business and industry, and other education-related groups, to expand the scope of the outreach programs; and

[(6) establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

[SEC. 1065. APPLICATION.

[To receive a grant under this part, an eligible institution shall submit an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall contain a description of the goals of the activities to be assisted.

[SEC. 1066. EVALUATION.

[(a) Independent Annual Evaluation.—The Secretary shall provide for the annual independent evaluation of activities assisted under this part to determine their effectiveness in providing—

[(1) the operation and administration of outreach programs to elementary and secondary school students;

[(2) faculty development programs in support of outreach programs;

[(3) curriculum development in support of the outreach programs;

[(4) disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education;

[(5) supporting cooperative efforts with elementary and secondary schools, community groups, business and industry, and other education-related groups, to expand the scope of outreach programs; and

[(6) establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

[(b) Evaluations.—

[(1) Conduct and criteria.—Each evaluation described in subsection (a) shall be conducted by individuals not directly involved in the administration of the activities assisted under this part. Such independent evaluators and the program administrators shall jointly develop evaluation criteria which provide for appropriate analysis of the factors described in subsection (a). When possible, each evaluation shall include comparisons with appropriate control groups.

[(2) Program effectiveness.—In order to determine the effectiveness of assistance provided under this part in achieving the goals stated in the application described in section 1065, each evaluation described in subsection (a) shall contain objective measures of such goals and, where feasible, shall obtain the specific views of participants about the activities assisted under this part.

[(c) Report to Congress and Dissemination.—The Secretary shall prepare and submit to the Congress a review and summary of the results of the evaluations described in subsection (a) not later than September 30, 1997.

[SEC. 1067. FEDERAL SHARE.

[The Federal share of the costs of activities assisted under this part shall be 90 percent of the costs of such activities in the first year an eligible institution receives a grant under this part, 80 percent of such cost in the second such year, 70 percent of such cost in the third such year, 60 percent of such cost in the fourth such year, and 50 percent of such costs in the fifth such year. The remaining funds shall be provided from non-Federal sources.

[SEC. 1068. SUPPLEMENT NOT SUPPLANT.

[An eligible institution may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the activities described in section 1064(b) and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

[SEC. 1069. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this part, $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years. Not more than 3 percent of the amount appropriated for this part in any fiscal year may be used for purposes of section 1066.

[PART D—DWIGHT D. EISENHOWER LEADERSHIP PROGRAM

[SEC. 1081. SHORT TITLE; ESTABLISHMENT OF THE PROGRAM.

[(a) SHORT TITLE.—This part may be cited as the "Dwight D. Eisenhower Leadership Development Act of 1992".

[(b) ESTABLISHMENT OF PROGRAM.—

[(1) IN GENERAL.—The Secretary shall establish a program to be known as the "Dwight D. Eisenhower Leadership Development Program".

[(2) SPECIAL RULE.—The program assisted under this part shall be established in conjunction with institutions of higher education which are specially prepared to undertake the development of new generations of leaders in the areas of national and international affairs.

[(c) FUNCTIONS OF THE PROGRAM.—The functions of the program assisted under this part shall include—

[(1) stimulating and supporting the development of leadership skills among new generations of American college students;

[(2) directing a national program that identifies, recruits, inspires, and educates outstanding young men and women regarding leadership roles in a wide variety of fields in both the public and private sectors;

[(3) offering opportunities for young American leaders who meet the requirements of section 484(a) of this Act and who are broadly representative of the population of the United States to benefit from internships in national and international organizations, with special attention being given to establishing such opportunities in developing countries;

[(4) developing curriculum for secondary and postsecondary education;

[(5) developing a prototype for understanding and teaching critical leadership skills to young Americans and encouraging institutions of higher education to establish similar leadership programs throughout the United States and abroad; and

[(6) stimulating the theoretical and practical study of leadership and leadership development to develop both a better understanding of leadership and improved methods to teach critical skills to young adults.

[(d) OPERATION OF THE PROGRAM.—The Secretary is authorized to make grants to or enter into cooperative agreements, contracts, or leases with institutions of higher education (as defined in section 1201 of this title), or with nonprofit private organizations in consortia with such institutions, to operate the program assisted under this part.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

[PART E—GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS

[SEC. 1091. GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED YOUTH OFFENDERS.

[(a) FINDINGS.—The Congress finds the following:

[(1) Over 150,000 youth offenders age 21 and younger are incarcerated in the Nation's jails, juvenile facilities, and prisons.

[(2) Most youth offenders who are incarcerated have been sentenced as first-time adult felons.

[(3) Approximately 75 percent of youth offenders are high school dropouts who lack basic literacy and life skills, have little or no job experience, and lack marketable skills.

[(4) The average incarcerated youth has attended school only through grade 10.

[(5) Most of these youths can be diverted from a life of crime into productive citizenship with available educational, vocational, work skills, and related service programs.

[(6) If not involved with educational programs while incarcerated, almost all of these youths will return to a life of crime upon release.

[(7) The average length of sentence for a youth offender is about 3 years. Time spent in prison provides a unique opportunity for education and training.

[(8) Even with quality education and training provided during incarceration, a period of intense supervision, support, and counseling is needed upon release to ensure effective reintegration of youth offenders into society.

[(9) Research consistently shows that the vast majority of incarcerated youths will not return to the public schools to complete their education.

[(10) There is a need for alternative educational opportunities during incarceration and after release.

[(b) Definition.—For purposes of this part, the term "youth offender" means a male or female offender under the age of 25, who is incarcerated in a State prison, including a prerelease facility.

[(c) Grant Program.—The Secretary shall establish a program in accordance with this section to provide grants to the State correctional education agencies to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills, through the pursuit of a postsecondary education certificate, or an associate of arts or bachelor's degree while in prison, and employment counseling and other related services which start during incarceration and continue through prerelease and while on parole.

[(d) Application.—To be eligible for a grant under this section, a State correctional education agency shall submit to the Secretary a proposal for a youth offender program that—

[(1) identifies the scope of the problem, including the number of incarcerated youths in need of postsecondary education and vocational training;

[(2) lists the accredited public or private educational institution or institutions that will provide postsecondary educational services;

[(3) lists the cooperating agencies, public and private, or businesses that will provide related services, such as counseling in the areas of career development, substance abuse, health, and parenting skills;

[(4) describes the evaluation methods and performance measures that the State correctional education agency will employ, provided that such methods and measures are appropriate to meet the goals and objectives of the proposal, and that such methods and measures include measures of—

[(A) program completion;

[(B) student academic and vocational skill attainment;

[(C) success in job placement and retention; and

[(D) recidivism;

[(5) describes how the proposed programs are to be integrated with existing State correctional education programs (such as adult education, graduate education degree programs, and vocational training) and State industry programs;

[(6) addresses the educational needs of youth offenders who are in alternative programs (such as boot camps); and

[(7) describes how students will be selected so that only youth offenders eligible under subsection (f) will be enrolled in postsecondary programs.

[(e) Program Requirements.—Each State correctional education agency receiving a grant under this section shall—

[(1) integrate activities carried out under the grant with the objectives and activities of the school-to-work programs of such State, including—

[(A) work experience or apprenticeship programs;

[(B) transitional worksite job training for vocational education students that is related to the occupational goals of such students and closely linked to classroom and laboratory instruction;

[(C) placement services in occupations that the students are preparing to enter;

[(D) employment-based learning programs; and

[(E) programs that address State and local labor shortages;

[(2) annually report to the Secretary and the Attorney General on the results of the evaluations conducted using the methods and performance measures contained in the proposal; and

[(3) provide to each State for each student eligible under subsection (f) not more than $1,500 annually for tuition, books, and essential materials, and not more than $300 annually for related services such as career development, substance abuse counseling, parenting skills training, and health education, for each eligible incarcerated youth.

[(f) STUDENT ELIGIBILITY.—A youth offender shall be eligible for participation in a program receiving a grant under this section if the youth offender—

[(1) is eligible to be released within five years (including a youth offender who is eligible for parole within such time); and

[(2) is 25 years of age or younger.

[(g) LENGTH OF PARTICIPATION.—A State correctional education agency receiving a grant under this section shall provide educational and related services to each participating youth offender for a period not to exceed 5 years, 1 year of which may be devoted to study in a graduate education degree program or to remedial education services for students who have obtained a secondary school diploma. Educational and related services shall start during the period of incarceration in prison or prerelease and may continue during the period of parole.

[(h) EDUCATION DELIVERY SYSTEMS.—State correctional education agencies and cooperating institutions shall, to the extent practicable, use high-tech applications in developing programs to meet the requirements and goals of this section.

[(i) ALLOCATION OF FUNDS.—From the amounts appropriated pursuant to subsection (j), the Secretary shall allot to each State an amount that bears the same relationship to such funds as the total number of students eligible under subsection (f) in such State bears to the total number of such students in all States.

[(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for fiscal year 1995 and such sums as may be necessary for fiscal year 1996 and each of the four succeeding fiscal years.

[TITLE XI—COMMUNITY SERVICE PROGRAMS]

PART A—URBAN COMMUNITY SERVICE

[SEC. 1101. FINDINGS.

[The Congress finds that—

[(1) the Nation's urban centers are facing increasingly pressing problems and needs in the areas of economic development, community infrastructure and service, social policy, public health, housing, crime, education, environmental concerns, planning and work force preparation;

[(2) there are, in the Nation's urban institutions, people with underutilized skills, knowledge, and experience who are capable of providing a vast range of services toward the amelioration of the problems described in paragraph (1);

[(3) the skills, knowledge and experience in these urban institutions, if applied in a systematic and sustained manner, can make a significant contribution to the solution of such problems; and

[(4) the application of such skills, knowledge and experience is hindered by the limited funds available to redirect attention to solutions to such urban problems.

[SEC. 1102. PURPOSE; PROGRAM AUTHORIZED.

[(a) Purpose.—It is the purpose of this part to provide incentives to urban academic institutions to enable such institutions to work with private and civic organizations to devise and implement solutions to pressing and severe problems in their communities.

[(b) Program Authorized.—The Secretary is authorized to carry out a program of providing assistance to eligible institutions to enable such institutions to carry out the activities described in section 1104 in accordance with the provisions of this part.

[SEC. 1103. APPLICATION FOR URBAN COMMUNITY SERVICE GRANTS.

[(a) Application.—

[(1) In general.—An eligible institution seeking assistance under this part shall submit to the Secretary an application at such time, in such form, and containing or accompanied by such information and assurances as the Secretary may require by regulation.

[(2) Contents.—Each application submitted pursuant to paragraph (1) shall—

[(A) describe the activities and services for which assistance is sought; and

[(B) include a plan that is agreed to by the members of a consortium that includes, in addition to the eligible institution, one or more of the following entities:

[(i) A community college.
[(ii) An urban school system.
[(iii) A local government.
[(iv) A business or other employer.
[(v) A nonprofit institution.

[(3) Waiver.—The Secretary may waive the consortium requirements described in paragraph (2) for any applicant who can demonstrate to the satisfaction of the Secretary that the applicant has devised an integrated and coordinated plan which meets the purpose of this part.

[(b) Priority in Selection of Applications.—The Secretary shall give priority to applications that propose to conduct joint projects supported by other local, State, and Federal programs.

[(c) Selection Procedures.—The Secretary shall, by regulation, develop a formal procedure for the submission of applications under this part and shall publish in the Federal Register an announcement of that procedure and the availability of funds under this part.

[SEC. 1104. ALLOWABLE ACTIVITIES.

[Funds made available under this part shall be used to support planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to assist urban communities to meet and address their pressing and severe problems, such as the following:

[(1) Work force preparation.

[(2) Urban poverty and the alleviation of such poverty.

[(3) Health care, including delivery and access.

[(4) Underperforming school systems and students.

[(5) Problems faced by the elderly and individuals with disabilities in urban settings.

[(6) Problems faced by families and children.

[(7) Campus and community crime prevention, including enhanced security and safety awareness measures as well as coordinated programs addressing the root causes of crime.

[(8) Urban housing.

[(9) Urban infrastructure.

[(10) Economic development.

[(11) Urban environmental concerns.

[(12) Other problem areas which participants in the consortium described in section 1103(a)(2)(B) concur are of high priority in the urban area.

[(13)(A) Problems faced by individuals with disabilities regarding accessibility to institutions of higher education and other public and private community facilities.

[(B) Amelioration of existing attitudinal barriers that prevent full inclusion by individuals with disabilities with their community.

[SEC. 1105. PEER REVIEW.

[The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary may consult with other appropriate Cabinet-level officials and with non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of representatives from public and private institutions of higher education, labor, business, State and local government, who have expertise in urban community service or in education.

[SEC. 1106. DISBURSEMENT OF FUNDS.

[(a) MULTIYEAR AVAILABILITY.—Subject to the availability of appropriations, grants under this part may be made on a multiyear basis, except that no institution, individually or as a participant in a consortium of such institutions, may receive such a grant for more than 5 years.

[(b) EQUITABLE GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under this part in a manner that achieves equitable geographic distribution of such grants.

[(c) MATCHING REQUIREMENT.—An applicant under this part and the local governments associated with its application shall contribute to the conduct of the program supported by the grant an amount from non-Federal funds equal to at least one-fourth of the amount of the grant, which contribution may be in cash or in kind.

[SEC. 1107. DESIGNATION OF URBAN GRANT INSTITUTIONS.

[The Secretary shall publish a list of eligible institutions under this part and shall designate these institutions of higher education as "Urban Grant Institutions". The Secretary shall establish a national network of Urban Grant Institutions so that the results of individual projects achieved in one metropolitan area can then be generalized, disseminated, replicated and applied throughout the Nation.

[SEC. 1108. DEFINITIONS.

[As used in this part:

[(1) URBAN AREA.—The term "urban area" means a metropolitan statistical area having a population of not less than 350,000, or two contiguous metropolitan statistical areas having a population of not less than 350,000, or, in any State which does not have a metropolitan statistical area which has such a population, the entity of the State having an agreement or submitting an application under section 1103, or, if no such entity has an agreement, the Secretary shall designate one urban area for the purposes of this part.

[(2) ELIGIBLE INSTITUTION.—The term "eligible institution" means—

[(A) a nonprofit municipal university, established by the governing body of the city in which it is located, and operating as of the date of enactment of the Higher Education Amendments of 1992 under that authority; or

[(B) an institution of higher education, or a consortium of such institutions any one of which meets all of the requirements of this paragraph, which—

[(i) is located in an urban area;

[(ii) draws a substantial portion of its undergraduate students from the urban area in which such institution is located, or from contiguous areas;

[(iii) carries out programs to make postsecondary educational opportunities more accessible to residents of such urban area, or contiguous areas;

[(iv) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas;

[(v) offers a range of professional, technical, or graduate programs sufficient to sustain the capacity of such institution to provide such resources; and

[(vi) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and the people of such areas.

[SEC. 1109. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this part.

[PART B—INNOVATIVE PROJECTS

[Subpart 1—Innovative Projects for Community Service

[SEC. 1121. STATEMENT OF PURPOSE.

[It is the purpose of this subpart to support innovative projects in order to encourage student participation in community service projects, including literacy projects.

[SEC. 1122. INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

[(a) PROGRAM AUTHORIZED.—

[(1) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to and enter into contracts with institutions of higher education (including combinations of such institutions) and with such other public agencies and nonprofit private organizations as the Secretary deems necessary for innovative projects designed to carry out the purpose of this subpart.

[(2) PROJECTS.—The projects described in paragraph (1) may—

[(A) support research regarding the effects of student community service organizations;

[(B) provide assistance to student organizations that work with community service organizations;

[(C) support linkages between youth corps programs, as described in section 122(a)(2) of the National and Community Service Act of 1990 and institutions of higher education; and

[(D) support innovative student service programs.

[(b) APPLICATIONS.—No grant may be made and no contract may be entered into under this section unless an application is made at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

[(c) APPLICABLE PROCEDURES.—

[(1) PROCEDURES.—No application may be approved under subsection (b) unless the National Board of the Fund for Improvement of Postsecondary Education, under procedures established by the Director of such Fund, approves the application.

[(2) SPECIAL RULE.—The provisions of section 1003(b) shall apply to grants made under this subpart.

[(d) DEFINITION.—For the purpose of this subpart, the term "community service" means planned, supervised services designed to improve the quality of life for community residents, particularly community residents with low income, or to assist in the solution of particular problems related to the needs of such residents.

[Subpart 2—Student Literacy Corps and Student Mentoring Corps

[SEC. 1141. PURPOSE.

[It is the purpose of this subpart to provide financial assistance to institutions of higher education to promote the development of literacy corps programs and mentoring corps programs to be operated by institutions of higher education in public community agencies in the communities in which such institutions are located.

[SEC. 1142. LITERACY CORPS PROGRAM AND MENTORING CORPS PROGRAM.

[(a) General Authority.—From the amount appropriated for this subpart pursuant to section 1151 for any fiscal year, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to institutions of higher education for not more than 4 years to pay the Federal share of the cost of carrying out a student literacy corps program or a student mentoring corps program.

[(b) Limitation.—An institution of higher education shall only receive 1 grant under this subpart in each fiscal year.

[(c) Continuation of Literacy or Mentoring Program.—Grants under this section are renewable upon application by the institution of higher education in accordance with section 1144.

[(d) Federal Share.—

[(1) In general.—The Federal share of carrying out a student literacy corps program or a student mentoring corps program under this subpart shall be—

[(A) not more than 100 percent for an initial grant to an institution of higher education; and

[(B) not more than 75 percent for a grant renewed under subsection (c).

[(2) Non-federal share.—The non-Federal share of carrying out a student literacy corps program or a student mentoring corps program under this subpart may be paid from any non-Federal sources.

[SEC. 1143. USES OF FUNDS.

[(a) In General.—Funds made available under this subpart may be used for—

[(1) grants to institutions of higher education for—

[(A) the costs of participation of institutions of higher education in the student literacy corps program or student mentoring corps program for which assistance is sought; and

[(B) stipends for student coordinators engaged in the student literacy corps program or student mentoring corps program for which assistance is sought; and

[(2) technical assistance, collection and dissemination of information, and evaluation in accordance with section 1145.

[(b) Limitations.—No grant under this subpart to an institution of higher education may exceed $100,000. No institution of higher education may expend more than $35,000 of a grant made under this subpart in the first year in which the institution receives such a grant.

[SEC. 1144. APPLICATIONS.

[(a) APPLICATION REQUIRED.—Each institution of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(b) CONTENTS OF APPLICATION.—

[(1) LITERACY CORPS.—Each application to conduct a student literacy corps program under this subpart shall—

[(A) contain assurances that the institution will use the grant in accordance with section 1143;

[(B) contain adequate assurances that—

[(i) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students in various academic departments such as social sciences, economics, and education with experience as tutors;

[(ii) such individuals will be required, as a condition of receiving credit in such course, to perform, for each credit, not less than 2 hours a week, of voluntary, uncompensated service during the academic term in a public community agency as a tutor in such agency's educational or literacy program;

[(iii) such tutoring service will be supplementary to the existing instructional services, offered in a structured classroom setting, and furnished under the supervision of qualified personnel; and

[(iv) the institution will locate such tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals, and will give priority in providing tutoring services to—

[(I) educationally disadvantaged students receiving services under title I of the Elementary and Secondary Education Act of 1965;

[(II) students with disabilities; and

[(III) illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households; and

[(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subpart, in community service activities, including the conduct of a cooperative education program; and

[(D) contain such other assurances as the Secretary may reasonably require.

[(2) MENTORING CORPS.—Each application to conduct a student mentoring corps program under this subpart shall—

[(A) contain assurances that the institution will use the grant in accordance with section 1144;

[(B) contain adequate assurances that—

[(i) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students of various academic departments with experience as mentors;

[(ii) such individuals will be required, as a condition of receiving credit in such course, to perform not less than 60 hours of voluntary, uncompensated service during the academic term as a mentor to economically disadvantaged children and youth;

[(iii) such mentoring will be complimentary to the existing instructional services offered in a structured classroom setting, and will include structured and informal activities geared towards improving the academic, social and emotional development of children in the programs;

[(iv) the institution will locate public community agencies or elementary or secondary schools which serve educationally or economically disadvantaged youth and will give priority in providing mentoring services to economically disadvantaged children and youth through community-based organizations or elementary or secondary schools;

[(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subpart, in community service activities, including the conduct of a cooperative education program; and

[(D) contain such other assurances as the Secretary may reasonably require.

[(c) WAIVER.—

[(1) IN GENERAL.—The Secretary may, upon request of an institution of higher education which does not meet the requirements of subsection (b)(1)(C) or (b)(2)(C), grant a waiver of the requirement under such paragraph if the institution of higher education provides assurances that—

[(A) the institution of higher education has conducted another significant program which involves community outreach and service; or

[(B) its failure to engage in community service-related programs or activities prior to making application under this subpart will not impede the ability of the institution to engage in the outreach efforts necessary to carry out the requirements of this subpart.

[(2) SPECIAL RULE.—An institution of higher education may apply for a waiver as part of the application described in subsection (b).

[(d) CARRYOVER OF FUNDS.—Notwithstanding any other provision of law, in any fiscal year in which funds are appropriated under this subpart but not expended by the end of such fiscal year, at least 75 percent of such funds shall remain available in the succeeding fiscal year to carry out this subpart.

[SEC. 1145. TECHNICAL ASSISTANCE AND COORDINATION CONTRACT.

[To the extent that funds are available therefor pursuant to section 1151, the Secretary may, directly or by way of grant, contract, or other arrangement—

[(1) provide technical assistance to grant recipients under this subpart;

[(2) collect and disseminate information with respect to programs assisted under this subpart; and

[(3) evaluate such programs and issue reports on the results of such evaluations.

[SEC. 1146. DEFINITIONS.

[For the purpose of this subpart—

[(1) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education", in the case of an institution of higher education with a branch campus, means, at the election of the institution—

[(A) a branch campus of the institution; or

[(B) the institution.

[(2) PUBLIC COMMUNITY AGENCY.—The term "public community agency" means an established community agency with an established program of instruction such as elementary and secondary schools, Head Start centers, prisons, agencies serving youth, and agencies serving individuals with disabilities, including disabled veterans.

[Subpart 3—Authorization of Appropriations

[SEC. 1151. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years of which, for any such fiscal year—

[(1) not more than one-third shall be available to carry out subpart 1; and

[(2) not less than two-thirds shall be available to carry out subpart 2.

[TITLE XII—GENERAL PROVISIONS

[SEC. 1201. DEFINITIONS.

[As used in this Act—

[(a) The term "institution of higher education" means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time. Such term also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provision of clauses (1), (2), (4), and (5). Such term also includes a public or nonprofit private educational institution in any State which, in lieu of the requirement in clause (1), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located. For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines, pursuant to subpart 2 of part H of title IV of this Act, to be reliable authority as to the quality of the education or training offered.

[(b) The term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the government of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

[(c) The term "nonprofit" as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

[(d) The term "secondary school" has the same meaning given that term under section 1471(21) of the Elementary and Secondary Education Act of 1965.

[(e) The term "Secretary" means the Secretary of Education.

[(f) The term "local educational agency" has the same meaning given that term under section 1471(12) of the Elementary and Secondary Education Act of 1965.

[(g) The term "State educational agency" has the same meaning given that term under section 1471(23) of the Elementary and Secondary Education Act of 1965.

[(h) The term "State higher education agency" means the officer or agency primarily responsible for the State supervision of higher education.

[(i) The term "elementary school" has the same meaning given that term under section 1471(8) of the Elementary and Secondary Education Act of 1965.

[(j) The term "combination of institutions of higher education" means a group of institutions of higher education that have entered into a cooperative arrangement for the purpose of carrying out a common objective, or a public or private nonprofit agency, organization, or institution designated or created by a group of institutions of higher education for the purpose of carrying out a common objective on their behalf.

[(k) The term "gifted and talented children" has the same meaning given that term under section 4103(1) of the Elementary and Secondary Education Act of 1965.

[(l) The term "school or department of divinity" means an institution or a department or a branch of an institution the program of instruction of which is designed for the education of students (A) to prepare them to become ministers of religion or to enter upon some other religious vocation (or to provide continuing training for any such vocation), or (B) to prepare them to teach theological subjects.

[(m) The term "Department" means the Department of Education.

[(n) The term "disability" has the same meaning given that term under section 3(2) of the Americans With Disabilities Act of 1990 (42 U.S.C. 12102(2)).

[(o) The term "special education teacher" means teachers who teach children with disabilities as defined in the Individuals With Disabilities Education Act.

[(p) The term "service-learning" has the same meaning given that term under section 101(23) of the National and Community Service Act of 1990 (42 U.S.C. 12511(21)).

[SEC. 1202. ANTIDISCRIMINATION.

[(a) IN GENERAL.—Institutions of higher education receiving Federal financial assistance may not use such financial assistance whether directly or indirectly to undertake any study or project or fulfill the terms of any contract containing an express or implied provision that any person or persons of a particular race, religion, sex, or national origin be barred from performing such study, project, or contract, except no institution shall be barred from performing such study, project, or contract, except no institution shall be barred from conducting objective studies or projects concerning the nature, effects, or prevention of discrimination, or have its curriculum restricted on the subject of discrimination, against any such person.

[(b) LIMITATIONS ON STATUTORY CONSTRUCTION.—Nothing in this Act shall be construed to limit the rights or responsibilities of any individual under the Americans With Disabilities Act of 1990, the Rehabilitation Act of 1973, or any other law.

[SEC. 1203. FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS.

[(a) Any State which desires to receive assistance under an applicable program, as described in subsection (f), shall enter into an agreement with the Secretary pursuant to subsection (b) setting forth the terms and conditions for the relationship between the Federal Government and that State for the purposes set forth in the applicable programs.

[(b) Such agreement shall consist of assurances by the State, including a description of the means to be used by the State to fulfill the assurances, that—

[(1) the State will provide for such methods of administration as are necessary for the proper and efficient administration of any program in keeping with the purposes of the applicable programs described in subsection (f);

[(2) the State will provide such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid to the State under any title of this Act;

[(3) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal funds, and that equitable and appropriate criteria will be used in evaluation of applications or proposals for grants or contracts under any such applicable program; and

[(4) the State has a comprehensive planning or policy formulation process which—

[(A) considers the relation between State administration of any such applicable program, and administration of similar State programs or processes;

[(B) encourages State policies designed to consider effects on declining enrollments on all sectors of postsecondary education in the State;

[(C) considers the postsecondary education needs of unserved and underserved individuals within the State, including individuals beyond the traditional college age;

[(D) considers the resources of institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State; and

[(E) provides for direct, equitable and active participation in the comprehensive planning or policy formulation process or processes of representatives of institutions of higher education (including community colleges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary education services, and the general public in the State.

Participation under subclause (E) shall, consistent with State law, be achieved through membership on State planning commissions, State advisory councils, or other State entities established by the State to conduct federally assisted comprehensive planning or policy formulation.

[(c) The information and assurances provided by a State in accordance with paragraphs (1), (2), and (3) of subsection (b), and regulations issued by the Secretary related directly to such assurances, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any applicable program described in subsection (f).

[(d)(1) An agreement of a State shall remain in effect subject to modification as changes in information or circumstances require.

[(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing has been given to the State, finds that there is a failure to comply substantially with the assurances required in paragraph (1), (2), or (3) of subsection (b), the Secretary shall notify the State that it is no longer eligible to participate in any applicable program described in subsection (f) until the Secretary is satisfied that there is no longer any such failure to comply.

[(e)(1) For the purpose of this section, the selection of the State entity or entities authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

[(2)(A) Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in an applicable program as defined in subsection (f), a specific State organizational structure for achieving participation in the planning, or administration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

[(B) Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs which is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.

[(f) For the purposes of this section an "applicable program" is defined as—

[(1) title I;
[(2) subpart 3 of part A of title IV; and
[(3) part A of title VII.

[FEDERAL CONTROL OF EDUCATION PROHIBITED

[SEC. 1204.

[(b) Nothing contained in this Act or any other Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the membership practices or internal operations of any fraternal organization, fraternity, sorority, private club or religious organization at an institution of higher education (other than a service academy or the Coast Guard Academy) which is financed exclusively by funds derived from private sources and whose facilities are not owned by such institution.

[SEC. 1204. TREATMENT OF TERRITORIES AND TERRITORIAL STUDENT ASSISTANCE.

[(a) The Secretary is required to waive the eligibility criteria of any postsecondary education program administered by the Department where such criteria do not take into account the unique circumstances in Guam, the Virgin Islands, American Samoa, Palau, the Commonwealth of the Northern Mariana Islands, and the freely associated states.

[(b) Notwithstanding any other provision of law, an institution of higher education that is located in any of the freely associated states, rather than a State, shall be eligible, if otherwise qualified, for assistance under chapter 1 of subpart 2 of part A of title IV of this Act.

[SEC. 1205. NATIONAL ADVISORY COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

[(a) ESTABLISHMENT.—There is established in the Department a National Advisory Committee on Institutional Quality and Integrity (hereafter in this section referred to as the "Committee"), which shall be composed of 15 members appointed by the Secretary from among individuals who are representatives of, or knowledgeable concerning, education and training beyond secondary education, including representatives of all sectors and types of institutions of higher education (as defined in section 481(a)), to assess the process of eligibility and certification of such institutions under title IV of this Act and the provision of financial aid under title IV of this Act. The Secretary may also appoint to the Committee representatives of the general public serving on the National Advisory Committee on Accreditation and Institutional Eligibility (as such

Committee was in existence on the date of enactment of the Higher Education Amendments of 1992).

[(b) TERMS OF MEMBERS.—Terms of office of each member of the Committee shall be 3 years, except that—

[(1) of the members first appointed to the Committee the Secretary shall designate—

[(A) 5 such members to serve for a term of 1 year;

[(B) 5 such members to serve for a term of 2 years; and

[(C) 5 such members to serve for a term of 3 years; and

[(2) any member appointed to fill in a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of such term.

[(c) FUNCTIONS.—The Committee shall—

[(1) advise the Secretary with respect to establishment and enforcement of the standards of accrediting agencies or associations under subpart 2 of part H of title IV of this Act;

[(2) advise the Secretary with respect to the recognition of a specific accrediting agency or association;

[(3) advise the Secretary with respect to the preparation and publication of the list of nationally recognized accrediting agencies and associations;

[(4) develop and recommend to the Secretary standards and criteria for specific categories of vocational training institutions and institutions of higher education for which there are no recognized accrediting agencies, associations, or State agencies, in order to establish the eligibility of such institutions on an interim basis for participation in federally funded programs;

[(5) advise the Secretary with respect to the eligibility and certification process for institutions of higher education under title IV of this Act, together with recommendations for improvements in such process;

[(6) advise the Secretary with respect to the functions of the Secretary under subpart 1 of part H of title IV of this Act, relating to State institutional integrity standards;

[(7) advise the Secretary with respect to the relationship between—

[(A) accreditation of institutions of higher education and the certification and eligibility of such institutions; and

[(B) State licensing responsibilities with respect to such institutions; and

[(8) carry out such other advisory functions relating to accreditation and institutional eligibility as the Secretary may prescribe.

[(d) MEETING PROCEDURES.—The Committee shall meet not less than twice each year at the call of the Chairperson. The date of, and agenda for, each meeting of the Committee shall be submitted in advance to the Secretary for approval. A representative of the Secretary shall be present at all meetings of the Committee.

[(e) REPORT.—The Committee shall, not later than November 30 of each year, make an annual report through the Secretary to the Congress. The annual report shall contain—

[(1) a list of the members of the Committee and their addresses;

[(2) a list of the functions of the Committee;

[(3) a list of dates and places of each meeting during the preceding fiscal year; and

[(4) a summary of the activities, findings and recommendations made by the Committee during the preceding fiscal year.

[(f) TERMINATION.—Subject to section 448(b) of the General Education Provision Act, the National Advisory Committee on Institutional Quality and Integrity shall continue to exist until September 30, 1998.

[SEC. 1206. COMMISSION TO STUDY POSTSECONDARY INSTITUTIONAL AND PROGRAMMATIC RECOGNITION PROCESS.

[(a) There is established in the legislative branch a Joint Study Commission on Postsecondary Institutional Recognition (hereafter in this section referred to as the "Commission").

[(b) The Commission shall be composed of 5 members appointed jointly by the President pro tempore of the Senate, upon the recommendation of the Majority Leader and the Minority Leader, and by the Speaker of the House of Representatives, upon the recommendation of the Majority Leader and the Minority Leader.

[(c)(1) Members of the Commission shall be appointed, on the basis of their integrity, impartiality, and good judgment, from among individuals who, as a result of their training, experience, and attainment, are widely recognized by professionals in the fields of education and governmental administration as experts in those fields.

[(2) A majority of the members of the Commission may not, at the time of their appointment, be serving as either employees or officers of any accrediting agency or an organization of accrediting agencies, currently serving as administrators of accredited institutions, or be current or past members of the Advisory Committee on Accreditation and Institutional Eligibility of the Department.

[(3) Vacancies in the membership of the Commission shall not affect the power of the remaining members to perform the duties of the Commission and shall be filled in the same manner in which the original appointment was made.

[(4) Each member of the Commission not otherwise employed by the United States Government shall receive the daily equivalent of the annual basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day during which such member is actually engaged in the performance of the duties of the Commission. Each member of the Commission shall be allowed travel expenses in the same manner as any individual employed intermittently by the Federal Government is allowed travel expenses under section 5703 of title 5, United States Code.

[(d)(1) The Commission shall conduct a thorough study of the institutional and programmatic recognition process used by the Department in determining institutional or programmatic eligibility for student participation in Federal student assistance programs under this Act with attention being given to the accreditation of various types of public and private postsecondary institutions and programs.

[(2) The study shall address, analyze, and report specifically on—

[(A) the comprehensiveness of the standards and criteria used by existing accreditation agencies;

[(B) the reliability and validity of the institutional and programmatic review processes used by the existing accreditation agencies;

[(C) the adequacy of the current accreditation methodology and system;

[(D) alternative structures, standards, criteria, and processes that might be used in accrediting institutions and programs;

[(E) the indicators of educational quality that might be incorporated into the accreditation process;

[(F) the educational outcome measurements that might be used in the accreditation process;

[(G) the indicators of institutional and programmatic quality that should be provided to applicants and students; and

[(H) alternative approaches that might be used by the Secretary for institutional and programmatic recognition to permit student participation in Federal student assistance programs,

as each factor bears on eligibility for participation in Federal student assistance programs.

[(3) The study shall also include an analysis of—

[(A) the processes and procedures currently utilized by the Secretary and the Department in determining institutional and program eligibility for receiving Federal student assistance funds;

[(B) the operations and effectiveness in carrying out eligibility determination of the division of the Department referred to as the "Division of Eligibility and Agency Evaluation";

[(C) review of alternatives to accreditation in determining eligibility and their acceptability;

[(D) the role and effectiveness of, participation agreements, between institutions and programs and the Department in determining specific institutional program eligibility for Federal funds;

[(E) the ability of the Department to enforce conditions specified in participation agreements, including institutional and program audits;

[(F) the current status, functioning, and effectiveness of the National Advisory Committee on Accreditation and Institutional Eligibility, including its role in developing criteria for recognition of accrediting agencies and evaluating their success in assessing the quality of the education or training offered.

[(e) The Commission shall adopt procedures allowing any interested party to submit information with respect to the recognition process, including critiques of current accrediting agency recognition procedures, accreditation procedures, possible alternative procedures, and proposed changes in criteria for recognition of individual accrediting agencies.

[(f) The Commission shall prepare a narrative and statistical report consisting of—

[(1) an overview description of the voluntary accrediting process used for postsecondary education in the United States; and

[(2) a brief description of each accrediting agency recognized by the Department.

The report shall include at least a statement of the agency's purpose and a description of the organizational and governance structure of the agency, the agency's accreditation and visitation procedures, employers of members of the accrediting agency's governing body, the agency's sources of financial support, and such background information as the Commission may request from the agency regarding the number of members, number of candidates for accreditation, number of members voluntarily withdrawn after membership, number of applications withdrawn before membership, number of members dropped, and number of applicants denied accreditation. The report shall include the types of information shared among the various accrediting agencies, the degree of duplication among accrediting agencies in the current system, and an analysis of reported complaints by the agency and its member institutions and programs.

[(g) The Commission shall also prepare a report on—

[(1) the history, operation, procedures, and the role and adequacy of staff of the division described in subsection (e)(3)(B);

[(2) the history and current operations of the National Advisory Committee on Accreditation and Institutional Eligibility, including current criteria for Federal recognition of accrediting bodies, how the criteria were developed, possible modifications, and procedures for accomplishing this; and

[(3) with respect to the Department in general, an overview of its role in the institutional and programmatic recognition process as it relates to eligibility for Federal student assistance, including recommendations, if appropriate, on how this role might be changed and improved.

[(h)(1)(A) By agreement between the President pro tempore of the Senate and the Speaker of the House of Representatives, the Commission is authorized to secure on a reimbursable basis, office space, clerical personnel, travel expenses, and such supplies and equipment as may be necessary for the Commission to carry out the study.

[(B) Subject to such limitations as the President pro tempore of the Senate and the Speaker of the House of Representatives may jointly prescribe, the Commission may appoint such personnel as the Commission deems necessary and fix the compensation at an annual rate that does not exceed the rate of basic pay then payable for GS–18 of the General Schedule under section 5332 of title 5, United States Code, and may procure by contract the temporary and intermittent services of clerical personnel and experts or consultants, or organizations thereof.

[(2) In conducting the study authorized by this section, the Commission is authorized to—

[(A) seek such assistance and support as may be required to conduct the study from appropriate Federal agencies;

[(B) arrange for the detail of staff personnel from other Federal agencies;

[(C) enter into contracts and make other arrangements, as may be necessary for the conduct of the study;

[(D) convene such technical groups as deemed necessary to secure information about the existing recognition process; and

[(E) provide transportation and subsistence for persons serving without compensation.

[(3) Upon request by the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist in the conduct of the study.

[(i) The Commission shall submit a report of the findings and recommendations of the study required by this section to the Postsecondary Education Subcommittee of the Education and Labor Committee of the House of Representatives and the Subcommittee on Education, Arts, and Humanities of the Labor and Human Resources Committee of the Senate not later than one year after funds are appropriated and made available for this study.

[(j) There are authorized to be appropriated $1,000,000 to carry out the study authorized by this section.

[SEC. 1207. STUDENT REPRESENTATION.

[The Secretary shall, in appointing individuals to any commission, committee, board, panel, or other body in connection with the administration of this Act, include individuals who are, at the time of appointment, attending an institution of higher education.

[SEC. 1208. FINANCIAL RESPONSIBILITY OF FOREIGN STUDENTS.

[Nothing in this Act or any other Federal law shall be construed to prohibit any institution of higher education from requiring a student who is a foreign national (and not admitted to permanent residence in the United States) to guarantee the future payment of tuition and fees to such institution by (1) making advance payment of such tuition and fees, (2) making deposits in an escrow account administered by such institution for such payments, or (3) obtaining a bond or other insurance that such payments will be made.

[SEC. 1209. DISCLOSURES OF FOREIGN GIFTS.

[(a) Disclosure Report.—Whenever any institution is owned or controlled by a foreign source or receives a gift from or enters into a contract with a foreign source, the value of which is $250,000 or more, considered alone or in combination with all other gifts from or contracts with that foreign source within a calendar year, the institution shall file a disclosure report with the Secretary on January 31 or July 31, whichever is sooner.

[(b) Contents of Report.—Each report to the Secretary required by this Act shall contain:

[(1) For gifts received from or contracts entered into with a foreign source other than a foreign government, the aggregate dollar amount of such gifts and contracts attributable to a particular country. The country to which a gift is attributable is the country of citizenship, or if unknown, the principal residence for a foreign source who is a natural person, and the country of incorporation, or if unknown, the principal place of business, for a foreign source which is a legal entity.

[(2) For gifts received from or contracts entered into with a foreign government, the aggregate amount of such gifts and contracts received from each foreign government.

[(3) In the case of an institution which is owned or controlled by a foreign source, the identity of the foreign source, the date on which the foreign source assumed ownership or control, and any changes in program or structure resulting from the change in ownership or control.

[(c) Additional Disclosures for Restricted and Conditional Gifts.—Notwithstanding the provisions of subsection (b), whenever any institution receives a restricted or conditional gift or contract from a foreign source, the institution shall disclose:

[(1) For such gifts received from or contracts entered into with a foreign source other than a foreign government, the amount, the date, and a description of such conditions or restrictions. The report shall also disclose the country of citizenship, or if unknown, the principal residence for a foreign source which is a natural person, and the country of incorporation, or if unknown, the principal place of business for a foreign source which is a legal entity.

[(2) For gifts received from or contracts entered into with a foreign government, the amount, the date, a description of such conditions or restrictions, and the name of the foreign government.

[(d) Relation to Other Reporting Requirements.—

[(1) State requirements.—If an institution described under subsection (a) is within a State which has enacted requirements for public disclosure of gifts from or contracts with a foreign source that are substantially similar to the requirements of this section, a copy of the disclosure report filed with the State may be filed with the Secretary in lieu of a report required under subsection (a). The State in which the institution is located shall provide to the Secretary such assurances as the Secretary may require to establish that the institution has met the requirements for public disclosure under State law if the State report is filed.

[(2) Use of other federal reports.—If an institution receives a gift from, or enters into a contract with, a foreign source, where any other department, agency, or bureau of the Executive Branch requires a report containing requirements substantially similar to those required under this Act, a copy of this report may be filed with the Secretary in lieu of a report required under subsection (a).

[(e) Public Inspection.—All disclosure reports required by this Act shall be public records open to inspection and copying during business hours.

[(f) Enforcement.—

[(1) Court orders.—Whenever it appears that an institution has failed to comply with the requirements of this section, including any rule or regulation promulgated thereunder, a civil action may be brought in an appropriate district court of the United States, or the appropriate United States court of any territory or other place subject to the jurisdiction of the United States, to request such court to compel compliance with the requirements of this Act.

[(2) Costs.—For knowing or willful failure to comply with the requirements of this section, including any rule or regulation promulgated thereunder, an institution shall pay to the Treasury of the United States the full costs to the United States of obtaining compliance, including all associated costs of investigation and enforcement.

[(g) REGULATIONS.—The Secretary may promulgate regulations to carry out the ministerial duties imposed on the Secretary by this section.

[(h) DEFINITIONS.—For the purpose of this section—

[(1) the term "contract" means any agreement for the acquisition by purchase, lease, or barter of property or services by the foreign source, for the direct benefit or use of either of the parties;

[(2) the term "foreign source" means—

[(A) a foreign government, including an agency of a foreign government;

[(B) a legal entity, governmental or otherwise, created solely under the laws of a foreign state or states;

[(C) an individual who is not a citizen or a national of the United States or a trust territory or protectorate thereof; and

[(D) an agent, including a subsidiary or affiliate of a foreign legal entity, acting on behalf of a foreign source;

[(3) the term "gift" means any gift of money or property;

[(4) the term "institution" means any institution, public or private, or, if a multicampus institution, any single campus of such institution, in any State which—

[(A) is legally authorized within such State to provide a program of education beyond secondary school;

[(B) provides a program for which it awards a bachelor's degree (or provides not less than a 2-year program which is acceptable for full credit toward such a degree) or more advanced degrees; and

[(C) is accredited by a nationally recognized accrediting agency or association and to which institution Federal financial assistance is extended (directly or indirectly through another entity or person), or which institution receives support from the extension of Federal financial assistance to any of its subunits; and

[(5) the term "restricted or conditional gift or contract" means any endowment, gift, grant, contract, award, present, or property of any kind which includes provisions regarding (A) the employment, assignment, or termination of faculty; (B) the establishment of departments, centers, research or lecture programs, or new faculty positions; (C) the selection or admission of students; or (D) the award of grants, loans, scholarships, fellowships, or other forms of financial aid restricted to students of a specified country, religion, sex, ethnic origin, or political opinion.

[SEC. 1210. APPLICATION OF PEER REVIEW PROCESS.

[All applications submitted under the provisions of this Act which require peer review shall be read by a panel of readers composed of individuals selected by the Secretary which shall include outside readers who are not employees of the Federal Government. The Secretary shall ensure that no individual assigned under this section to review any application has any conflict of interest with regard to that application which might impair the impartiality with which that individual conducts the review under this section.

[SEC. 1211. AGGREGATE LIMIT OF AUTHORIZATION OF APPROPRIATIONS.

[Notwithstanding any other provision of this Act, the total amount which may be appropriated to carry out the programs and activities authorized by this Act, other than the programs and activities authorized by subpart 1 of part A and part B of title IV, shall not exceed—

[(1) $3,166,000,000 for fiscal year 1987,
[(2) $3,351,000,000 for fiscal year 1988,
[(3) $3,552,000,000 for fiscal year 1989,
[(4) $3,771,000,000 for fiscal year 1990, and
[(5) $4,007,000,000 for fiscal year 1991.

[SEC. 1212. TECHNOLOGY TRANSFER CENTERS.

[(a)(1)(A) Except as provided in subparagraph (B), there are authorized to be appropriated $15,000,000 for fiscal year 1988 and such sums as may be necessary for each of the 3 succeeding fiscal years to develop, construct, and operate regional technology transfer centers. The Secretary shall establish such regional centers—

[(i) to promote the study and development of programs and depositories necessary to further the transfer of technology relevant to a respective region's economy;

[(ii) to assist in developing incubator facilities to encourage new economic initiatives;

[(iii) to provide technical assistance linking university expertise and private sector resources to solve technical, marketing, and manufacturing problems associated with technology-transfer and start-up businesses; and

[(iv) to ensure consideration of the economic development needs of rural as well as urban areas within the region.

[(B) The Secretary shall reserve not less than $3,000,000 of amounts appropriated pursuant to subparagraph (A) for the purpose of carrying out the Training Technology Transfer Act of 1988.

[(2) In carrying out the requirements of this section, regional technology-transfer centers are authorized—

[(A) to build on or, where needed, develop telecommunications systems to link the centers and their affiliates with industrial users;

[(B) to build on or develop necessary computer networks and data bases; and

[(C) to utilize or help develop regional and national libraries.

[(b) Financial assistance to each center shall be awarded competitively. Such financial assistance shall be awarded for the establishment or operation of such centers.

[(c) Each regional center established shall be operated by an appropriately qualified college or university within the region, a consortium of such schools within the region, or a university-related research park or center, and such regional center shall, where deemed necessary, establish one or more affiliate centers at colleges and universities based in other States within the region.

[(d) In establishing such centers, the institutions applying shall show in their application—

[(1) how the center will facilitate the economy of the region;

[(2) that the center's mission is compatible with the economic development plans of States in the region; and

[(3) that appropriate consultation with the relevant State agencies concerned with economic development has taken place.

[(e)(1) Such center also may be operated by a consortium composed of an entity or entities described in subsection (c), and an existing campus-based research entity, or other State and local agencies, nonprofit agencies, interstate higher education organizations, or, where appropriate, for-profit agencies. The Secretary, through regulation, shall determine a mechanism for assessing the percentage of operating costs paid by other members of a technology transfer consortium arrangements.

[(2) For purpose of paragraph (1), the term "existing campus-based research facilities", includes agricultural research facilities, mining and minerals research facilities; forestry and wood-products research facilities, solar renewable energy research facilities, high technology facilities, and manufacturing technology research facilities.

[(f) Each such center shall establish a Board to advise the center on policy. Such board shall be—

[(1) representative of the States involved in the region; and

[(2) consist of representatives for urban areas, rural areas, ethnic concerns, business, labor, and education.

[(g)(1) Grants for each center shall be awarded for a 5-year period. Before the end of such period, the Secretary shall conduct a competition for the award of grants for the succeeding 5-year period.

[(2) For the fourth and fifth year of each such 5-year period, and during any renewal of the grant for succeeding 5-year periods, 50 percent of the cost of the activities for which assistance is awarded shall be provided from non-Federal sources.

[(h) Funding for affiliate centers authorized in subsection (c) shall be provided by the regional center and the college or university operating the affiliate center, with funding levels to be reached by the 2 entities in a scope-of-work agreement negotiated between the 2 entities. Should the affiliate center wish, its operations and funding support can be a consortia, as specified in subsection (e).

[(i)(1) The Secretary, after consultation with the Departments of Agriculture, Energy, Commerce, and Interior shall publish, for public comment, a proposed list of priorities for the establishment of regional technology transfer centers and shall propose the regional composition of such centers, keeping in mind that satellite and telecommunications technology enables regions to contain noncontiguous States.

[(2) The Secretary shall publish the final list of regions and priorities along with the public's comments. In establishing such regions, the Secretary may designate a State or a portion of a State as a region.

[SEC. 1213. DRUG AND ALCOHOL ABUSE PREVENTION.

[(a) Notwithstanding any other provision of law, no institution of higher education shall be eligible to receive funds or any other form of financial assistance under any Federal program, including participation in any federally funded or guaranteed student loan program, unless it certifies to the Secretary that it has adopted and has implemented a program to prevent the use of illicit drugs and the abuse of alcohol by students and employees that, at a minimum, includes—

[(1) the annual distribution to each student and employee of—

[(A) standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;

[(B) a description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol;

[(C) a description of the health-risks associated with the use of illicit drugs and the abuse of alcohol;

[(D) a description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and

[(E) a clear statement that the institution will impose sanctions on students and employees (consistent with local, State, and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct required by paragraph (1)(A); and

[(2) a biennial review by the institution of its program to—

[(A) determine its effectiveness and implement changes to the program if they are needed; and

[(B) ensure that the sanctions required by paragraph (1)(E) are consistently enforced.

[(b) Each institution of higher education that provides the certification required by subsection (a) shall, upon request, make available to the Secretary and to the public a copy of each item required by subsection (a)(1) as well as the results of the biennial review required by subsection (a)(2).

[(c)(1) The Secretary shall publish regulations to implement and enforce the provisions of this section, including regulations that provide for—

[(A) the periodic review of a representative sample of programs required by subsection (a); and

[(B) a range of responses and sanctions for institutions of higher education that fail to implement their programs or to consistently enforce their sanctions including information and technical assistance, the development of a compliance agreement, and the termination of any form of Federal financial assistance.

[(2) The sanctions required by subsection (a)(1)(E) may include the completion of an appropriate rehabilitation program.

[(d) Upon determination by the Secretary to terminate financial assistance to any institution of higher education under this section, the institution may file an appeal with an administrative law judge before the expiration of the 30-day period beginning on the date such institution is notified of the decision to terminate financial assistance under this section. Such judge shall hold a hearing with respect to such termination of assistance before the expiration of the 45-day period beginning on the date that such appeal is filed. Such judge may extend such 45-day period upon a motion by the institution concerned. The decision of the judge with respect to such termination shall be considered to be a final agency action.]

TITLE 10, UNITED STATES CODE

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Subtitle A—General Military Law

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PART III—TRAINING AND EDUCATION

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CHAPTER 111—SUPPORT OF SCIENCE, MATHEMATICS, AND ENGINEERING EDUCATION

* * * * * * *

§2193. Science and mathematics education improvement program

(a) * * *

* * * * * * *

(c) In this section:

(1) The term "institution of higher education" has the meaning given such term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*.

* * * * * * *

§2199. Definitions

In this chapter:

(1) * * *

(2) The term "institution of higher education" has the meaning given such term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*.

* * * * * * *

SECTION 207 OF TITLE 18, UNITED STATES CODE

§ 207. Restrictions on former officers, employees, and elected officials of the executive and legislative branches

(a) * * *

* * * * * * *

(j) EXCEPTIONS.—

(1) * * *

(2) STATE AND LOCAL GOVERNMENTS AND INSTITUTIONS, HOSPITALS, AND ORGANIZATIONS.—The restrictions contained in subsections (c), (d), and (e) shall not apply to acts done in carrying out official duties as an employee of—

(A) * * *

(B) an accredited, degree-granting institution of higher education, as defined in section **[**1201(a)**]** *101(a)(1)* of the Higher Education Act of 1965, or a hospital or medical research organization, exempted and defined under section 501(c)(3) of the Internal Revenue Code of 1986, if the appearance, communication, or representation is on behalf of such institution, hospital, or organization.

* * * * * * *

SECTION 3626 OF TITLE 39, UNITED STATES CODE

§ 3626. Reduced rates

(a) * * *

(b)(1) * * *

* * * * * * *

(3) For purposes of this subsection, the term "institution of higher education" has the meaning given it by section **[**1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))**]** *101(a)(1) of the Higher Education Act of 1965*.

* * * * * * *

SECTION 3601 OF THE ANTI-DRUG ABUSE ACT OF 1988

SEC. 3601. DEFINITIONS.

Unless otherwise defined by an Act amended by this title, for purposes of this title and the amendments made by this title—

(1) * * *

* * * * * * *

(7) the term "institution of higher education" has the meaning given it in section **[**1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))**]** *101(a)(1) of the Higher Education Act of 1965*,

* * * * * * *

SECTION 457 OF THE CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT

SEC. 457. DEFINITIONS.

For purposes of this subtitle:

(1) * * *

*　　*　　*　　*　　*　　*　　*

(9) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965.

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SECTION 803 OF THE RESEARCH AND TRAINING FOR EASTERN EUROPE AND THE INDEPENDENT STATES OF THE FORMER SOVIET UNION ACT OF 1983

DEFINITIONS

SEC. 803. As used in this title—

(1) the term "institution of higher education" has the same meaning given such term in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965; and

*　　*　　*　　*　　*　　*　　*

SECTION 3 OF THE EDUCATION FOR ECONOMIC SECURITY ACT

DEFINITIONS

SEC. 3. For the purpose of this Act—

(1) * * *

*　　*　　*　　*　　*　　*　　*

(6) The term "institution of higher education" has the same meaning given that term by section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965.

*　　*　　*　　*　　*　　*　　*

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

*　　*　　*　　*　　*　　*　　*

TITLE VII—BILINGUAL EDUCATION, LANGUAGE ENHANCEMENT, AND LANGUAGE ACQUISITION PROGRAMS

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PART E—GENERAL PROVISIONS

SEC. 7501. DEFINITIONS; REGULATIONS.

Except as otherwise provided, for purposes of this title—

(1) * * *

* * * * * * *

(4) COMMUNITY COLLEGE.—The term "community college" means an institution of higher education as defined in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965 which provides not less than a two-year program which is acceptable for full credit toward a bachelor's degree, including institutions receiving assistance under the Tribally Controlled Community College Assistance Act of 1978.

* * * * * * *

TITLE XIV—GENERAL PROVISIONS

PART A—DEFINITIONS

SEC. 14101. DEFINITIONS.

Except as otherwise provided, for the purposes of this Act, the following terms have the following meanings:

(1) * * *

* * * * * * *

(17) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given that term in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965.

* * * * * * *

SECTION 922 OF THE FEDERAL AGRICULTURE IMPROVEMENT AND REFORM ACT OF 1996

SEC. 922. STUDENT INTERNSHIP PROGRAMS.

(a) STUDENT INTERN SUBSISTENCE PROGRAM.—

(1) DEFINITION OF STUDENT INTERN.—In this subsection, the term "student intern" means a person who—

(A) * * *

(B) is a student in good standing at an institution of higher education (as defined in section [1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)] *101(a)(1) of the Higher Education Act of 1965*) pursuing a course of study related to the field in which the person is employed by the Department.

* * * * * * *

(b) COOPERATION WITH ASSOCIATIONS OF COLLEGES AND UNIVERSITIES.—

(1) AUTHORITY TO COOPERATE.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into cooperative agreements on an annual basis with 1 or more associations of institutions of higher education (as defined in section [1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)] *101(a)(1) of the Higher Education Act of 1965*) for the purpose of providing for Department participation in internship programs for graduate and undergraduate students who are selected by the associations from students attending member institutions of the associations and other institutions of higher education.

* * * * * * *

SECTION 670G OF THE FOLLOW THROUGH ACT

DEFINITIONS

SEC. 670G. For purposes of this subchapter—

(1) * * *

* * * * * * *

(5) the term "institution of higher education" has the same meaning given that term under section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965;

* * * * * * *

SECTION 1417 OF THE FOOD AND AGRICULTURE ACT OF 1977

(a) * * *

* * * * * * *

(h) SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS.—

(1) DEFINITIONS.—In this subsection:

(A) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given the term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

* * * * * * *

SECTION 603 OF THE FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 1986 AND 1987

SEC. 603. SCHOLARSHIP PROGRAM AUTHORITY.

(a) * * *

* * * * * * *

(d) DEFINITION.—For purposes of this title, the term "institution of higher education" has the same meaning as given to such term by section [1201(a)] *101(a)(1)* if the Higher Education Act of 1965.

SECTION 429 OF THE GENERAL EDUCATION PROVISIONS ACT

DISCLOSURE REQUIREMENTS

SEC. 429. (a) * * *

* * * * * * *

(d) DEFINITIONS.—As used in this section:

(1) DISABILITY.—The term "disability" has the same meaning given to such term by section 3(2) of the Americans with Disabilities Act of 1990.

(2) EDUCATIONAL ORGANIZATION.—(A) * * *

(B) The definition in subparagraph (A) shall not include—

(i) a local educational agency, State educational agency, a State department of education, or an elementary or secondary school as defined by the Elementary and Secondary Education Act of 1965;

(ii) an institution of higher education as defined by section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965; or

* * * * * * *

SECTION 3 OF THE HARRY S TRUMAN MEMORIAL SCHOLARSHIP ACT

DEFINITIONS

SEC. 3. As used in this Act, the term—

(1) * * *

* * * * * * *

(4) "institution of higher education" means any such institution as defined by section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965;

* * * * * * *

SECTION 649 OF THE HEAD START ACT

SEC. 649. RESEARCH, DEMONSTRATIONS, AND EVALUATION.

(a) * * *

* * * * * * *

(c) CONSULTATION AND COLLABORATION.—In carrying out activities under this section, the Secretary shall—

(1) * * *

* * * * * * *

(3) establish, to the extent appropriate, working relationships with the faculties of institutions of higher education, as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*, located in the area in which any evaluation under this section is being conducted, unless there is no such institution of higher education willing and able to participate in such evaluation.

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HIGHER EDUCATION AMENDMENTS OF 1992

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TITLE XIII—INDIAN HIGHER EDUCATION PROGRAMS

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PART E—TRIBAL DEVELOPMENT STUDENT ASSISTANCE REVOLVING LOAN PROGRAM

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SEC. 1348. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part, $2,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

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PART F—AMERICAN INDIAN POSTSECONDARY ECONOMIC DEVELOPMENT SCHOLARSHIP

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SEC. 1365. AUTHORIZATION OF APPROPRIATIONS.

For the purpose of carrying out the provisions of this part, there are authorized to be appropriated $2,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART G—AMERICAN INDIAN TEACHER TRAINING

SEC. 1371. AMERICAN INDIAN TEACHER TRAINING.

(a) INSTITUTIONAL SUPPORT.—

(1) IN GENERAL.—The Secretary of Education is authorized to award grants to tribally controlled postsecondary, vocational and technical institutions for the purposes of—

(A) developing teacher training programs;

(B) building articulation agreements between such institutions and other institutions of higher education as defined in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965; and

* * * * * * *

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

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[TITLE XIV—STUDIES AND COMMISSIONS

[PART A—STUDIES BY THE DEPARTMENT OF EDUCATION

[SEC. 1401. STUDY OF ROLE OF GUARANTY AGENCIES.

[(a) STUDY.—The Secretary of Education shall review the role of guaranty agencies within the Federal Family Education Loan Program by examining the administrative and financial operations of such agencies and the relationships between guaranty agencies and State governments.

[(b) REPORT.—The Secretary of Education shall report to the Congress within 1 year of the date of enactment of this Act on the study described in subsection (a). Such report shall consider and make recommendations concerning—

[(1) increasing the role of guaranty agencies in oversight and licensing of proprietary trade schools under the Federal Family Education Loan Program;

[(2) strengthening Federal disincentives for high default rate portfolios;

[(3) consolidating guaranty agencies regionally or otherwise;

[(4) eliminating the role of guaranty agencies within the Federal Family Education Loan Program; and

[(5) the compensation of chief executive officers and managerial staffs of guaranty agencies.

[SEC. 1402. STUDY OF STATUTORY PROTECTIONS.

[The Secretary of Education shall report to the Congress within 180 days of the date of enactment of the Higher Education Amendments of 1992 on the advisability of statutorily protecting officials of accrediting agencies involved in the performance of legitimate Federal Family Education Loan Program activities.

[SEC. 1403. STUDY OF FRAUD-BASED DEFENSES.

[(a) Study.—The Secretary shall conduct a study of the impact of fraud-based defenses on the Federal Family Education Loan Program. Such study shall include—

[(1) an analysis of statutory, regulatory, and case law regarding the use of fraud-based defenses against repayment of such loans;

[(2) an estimate of the total number of borrowers filing for relief from repayment of such loans using a fraud-based defense and amount of such loan principal involved;

[(3) an estimate of such loan principal relieved annually through fraud-based defenses;

[(4) an evaluation of the importance of a fraud-based defense to the protection of borrowers of such loans; and

[(5) an evaluation of the effects of the availability of a fraud-based defense on the accessibility of Stafford loans by geographical area and by type of postsecondary institution.

[(b) Date.—The study described in subsection (a) shall be completed not later than 18 months after the date of enactment of this Act.

[(c) Report.—

[(1) In general.—The Secretary shall submit a report to the Congress on the study described in subsection (a) that makes specific recommendations for legislative options that may be needed to address the rights of borrowers with respect to the availability of fraud-based defenses under the Federal Family Education Loan Program without jeopardizing the participation of lenders or the solvency of guaranty agencies required to maintain the integrity of such program.

[(2) Date.—The report described in paragraph (1) shall be completed not later than 19 months after the date of enactment of this Act.

[SEC. 1404. DATA ON NONTRADITIONAL STUDENTS.

[(a) Study Required.—The Secretary of Education shall conduct a 2-year study regarding the types of programs available for, and determine the success or failure of such programs in, increasing the accessibility for nontraditional students to postsecondary education. The study shall be conducted through the Office of Educational Research and Improvement.

[(b) Purpose.—The purpose of the study shall be—

[(1) to appraise the adequacies and deficiencies of current student financial aid information resources and services and evaluate the effectiveness of these programs as they pertain to the nontraditional student;

[(2) to investigate the availability of grants and loans and other financial assistance to nontraditional students (including independent students and part-time students);

[(3) to assess the availability of supportive services for the nontraditional students including (but not limited to) counseling, child care services, campus health center services, and library services;

[(4) to make recommendations on how the Department of Education can maintain an effective data base regarding nontraditional students that will include—

[(A) a yearly count of the number of students who are nontraditional and breakdown of the institutions they are attending;

[(B) the number of nontraditional students who work and go to school;

[(C) the extent of participation in Federal student aid programs;

[(D) the amount of unmet costs of postsecondary education for nontraditional students; and

[(E) trends over the last decade regarding participation of nontraditional students in title IV programs.

[(c) REPORT.—The Secretary of Education shall submit an interim report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate within 1 year after the date of enactment of this section and submit a final report 2 years after such date of enactment.

[SEC. 1405. STUDY OF FEDERAL BENEFIT COORDINATION.

[(a) IN GENERAL.—The Secretary of Education shall conduct a study to evaluate the coordination of Federal student financial assistance programs under title IV of the Higher Education Act of 1965 with other programs funded in whole or in part with Federal funds, giving particular attention to—

[(1) the effect of receipt of program assistance under title IV of the Higher Education Act of 1965 on students eligible for other programs funded in whole or in part with Federal funds, including reduction or denial of such other program funds; and

[(2) the attendance cost elements funded in whole or in part by programs under title IV of the Higher Education Act of 1965 for students eligible for other Federal programs and the inclusion of room or board costs in such attendance costs.

[(b) REPORT.—The Secretary of Education shall prepare and submit to the appropriate committees of the Congress a report on the study conducted pursuant to subsection (a) not later than 3 years after the date of enactment of this Act, together with such recommendations as the Secretary of Education deems appropriate.

[SEC. 1406. NATIONAL SURVEY OF FACTORS ASSOCIATED WITH PARTICIPATION.

[(a) AUTHORITY OF THE SECRETARY OF EDUCATION.—In order to assure improved and accurate data on the participation of at-risk students in postsecondary education, the Secretary of Education, acting through the National Center for Educational Statistics, shall conduct a special purpose survey on a biennial basis of factors associated with participation of low-income, disadvantaged, non-English language background, disabled, and minority students, including (but not limited to) African Americans, Native Americans, Native Hawaiians, major Hispanic subgroups, and Asian students from disadvantaged backgrounds in various types of postsecondary education. The survey data shall permit comparisons with other groups that have characteristically participated at higher rates than at-risk students.

[(b) Development of the Survey.—The Secretary of Education shall consult with the Congress and the elementary and secondary and higher education community in developing such an annual survey. The survey shall include, but not be limited to—

[(1) academic preparation of groups at key points in the elementary and secondary education process;

[(2) rates of academic progress and graduation from high school;

[(3) participation in postsecondary education by type and control of institution and by program of study;

[(4) persistence rates in postsecondary programs, or, in the case of short-term programs, completion rates; and

[(5) average student financial assistance awarded to groups, including Federal, State, and other assistance.

[(c) Report to Congress.—The Secretary of Education shall report relevant data and conclusions from the survey to Congress on an annual basis, including comparisons of important factors for at-risk and other relevant populations.

[(d) Development of Plan.—In the event of significant findings related to underparticipation rates of at-risk and other students, the Secretary of Education shall submit a plan containing policies and program modifications for ensuring the participation of at-risk students. The plan shall indicate the modifications the Secretary will make to increase participation, including, but not limited to, increasing information and training, and recommending other relevant changes to the programs under this title.

[(e) Panel Survey on Income Dynamics.—

[(1) In general.—The Secretary of Education, acting through the National Center for Education Statistics, shall make an interagency agreement with the National Science Foundation to provide for additional questions and an appropriate sample size as part of an existing panel study of income dynamics to provide information on the educational processes and other developmental behavior of Hispanic, black, and non-Hispanic white children and their short-term and long-term consequences.

[(2) Authorization of appropriations.—There are authorized to be appropriated $900,000 for fiscal year 1993 and such sums for each of the 4 succeeding fiscal years to carry out this subsection.

[SEC. 1407. EVALUATION OF TUITION GUARANTY PROGRAMS.

[(a) Purpose.—The purposes of this section are—

[(1) to require the Secretary of Education to determine the effectiveness of programs for disadvantaged elementary and secondary school students that offer guarantees for postsecondary education; and

[(2) to identify ways to encourage the business community to participate in such programs.

[(b) Conduct of Study.—

[(1) In general.—The Secretary of Education shall evaluate the effectiveness of programs for disadvantaged children that, in exchange for the child's commitment to achieving a satisfactory elementary and secondary education, promise the child the financial resources needed to pursue a postsecondary education.

[(2) CONTENT.—The Secretary of Education shall study a sample of the types of programs available, and (A) determine the success or failure of such programs in increasing the access and entry of disadvantaged students into postsecondary education, (B) identify the most successful programs and the causes for success, and (C) determine the responsibilities of sponsors of the programs.

[(3) PROGRAMS STUDIED.—The programs studied shall include a guarantee of postsecondary education for students currently in elementary or secondary grade levels. The programs may include supportive services, mentoring, study skills, and counseling to students participating in the program.

[(c) DISSEMINATION.—The Secretary of Education shall disseminate the findings through appropriate agencies and organizations including associations of businesses.

[(d) SUBMISSION OF REPORT.—The Secretary of Education shall submit an interim report regarding the study by June 30, 1996, and a final report regarding the study by January 1, 1997, to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

[SEC. 1408. INFORMATION ON GRADUATE EDUCATION.

[(a) ASSESSMENT REQUIRED.—The Secretary of Education shall conduct a study which will provide an assessment of the information currently collected on graduate education and will identify what additional information should be generated to guide the Department of Education in defining and executing its role in the support of graduate education.

[(b) SUBJECT OF ASSESSMENT.—The assessment required by subsection (a) shall include the assessment of the total amount of Federal, State, private, foundation, and institutional fellowships, assistantships, loans, or any other forms of financial assistance to all graduate students, including both American and foreign students; and how these amounts are distributed by race, by sex, to nontraditional students, and to students with disabilities. In addition, the assessment shall determine the number of graduate students, cross-referenced by race, sex, and national origin, part-time, full-time, independent versus dependent status, and individuals with disabilities who enrolled and completed all requirements for the degrees master of arts, master of science, master in business administration, doctor of philosophy, doctor of education, juris doctor, medical doctor, doctor in veterinary medicine, and doctor of dental science.

[(c) CONSULTATION.—In conducting such study, the Secretary of Education shall consult with other agencies and organizations involved in graduate education policy, including the Congressional Office of Technology Assessment, the President's Office of Science and Technology Policy, the National Science Foundation and the other Federal agencies supporting academic research and graduate education, the National Academy of Sciences and other public and private organizations which participate in the formulation and implementation of national graduate education policies and programs.

[(d) DATE FOR COMPLETION.—The study shall be completed within 2 years of the date of enactment of this Act.

[SEC. 1409. STUDY OF ENVIRONMENTAL HAZARDS IN INSTITUTIONS OF HIGHER EDUCATION.

[(a) STUDY AUTHORIZED.—The Secretary of Education, in cooperation with the Administrator of the Environmental Protection Agency, is authorized to conduct a study of the extent to which asbestos, lead in drinking water, or radon gas pose a threat to the health and safety of students and employees of institutions of higher education.

[(b) SURVEY REQUIRED.—Such study shall include a survey of a representative sample of institutions of higher education in order to assess how widespread such hazards are. A sufficient number of institutions shall be sampled and tested in order to provide reasonable estimates on—

[(1) the number of institutions which contain friable asbestos (as defined in the Asbestos Hazard Emergency Response Act) and how many students and employees may be exposed to unsafe levels of asbestos fibers,

[(2) the number of institutions that have rooms which contain more than 4 picocuries/liter of radon, and

[(3) the number of institutions which contain water fountains or faucets or water coolers which discharge water with more than 10 parts per billion of lead.

[(c) CONSULTATION.—In designing and carrying out such study, the Secretary shall consult with associations representing institutions of higher education, faculty, and other employees.

[(d) REPORT ON STUDY.—The Secretary of Education shall submit a report with the results of the assessment, including the information required by subsection (b), along with recommendations by the Secretary regarding what actions, if any, Congress and the Administration should take to ensure that environmental health hazards, if any, are eliminated. The report shall be presented to Congress not later than July 1, 1995.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $3,000,000 in fiscal year 1994 for the purposes of carrying out this section.

[SEC. 1410. STUDY OF CIVILIAN AVIATION TRAINING PROGRAMS.

[(a) FINDINGS.—The Congress finds that—

[(1) the role of the military as a source of supply of trained pilots and mechanics and other personnel for commercial aviation is severely reduced;

[(2) approximately 50 percent of the 52,000 commercial pilots currently flying will retire by the year 2000 and an additional 8,000 to 10,000 pilots will be needed by then;

[(3) there is significant underrepresentation of minorities and women currently working in the aviation industry and African Americans constitute less than 1 percent of pilots with the Nation's scheduled air carriers;

[(4) there is a substantial projected increase of minorities and women as a proportion of the workforce by the year 2000; and

[(5) there is need for a comprehensive study of future human resources needs for the air transportation industry, including a thorough investigation of recruitment, aviation training outside the military context, financial and other incentives and disincentives which affect the flow of people, and especially minorities and women, into the industry.

[(b) STUDY REQUIRED.—The Secretary of Education shall enter into appropriate arrangements with the National Academy of Sciences Commission on Behavioral and Social Sciences and Education to study civilian aviation training programs needed to satisfy the workforce requirements of the commercial aviation industry in the year 2000 and beyond. The specific concerns to be addressed by the study shall include—

[(1) the avenues for civilians to enter the aviation industry,

[(2) the characteristics of current training and the match with skill requirements in the workplace, and

[(3) the impediments and incentives for minorities and women to enter the aviation industry (such as a lack of role models, cost of schooling and flight time, the underutilization of historically black colleges and universities in the educational training process, and institutional barriers).

[(c) INTERIM REPORT.—The Secretary of Education shall request that the National Academy of Sciences Commission on Behavioral and Social Sciences and Education submit an interim report to the Secretary and the Congress within 1 year after the date of enactment of this Act, and the study shall be completed within 2 years of the date of enactment of this Act.

[SEC. 1411. REPORT ON THE USE OF PELL GRANTS BY PRISONERS.

[(a) REPORT REQUIRED.—The Secretary of Education shall submit to the Congress a report on the use of Pell Grants by prisoners. Such report shall contain a statement of—

[(1) the number of prisoners receiving Pell Grants;

[(2) the average amount of the Pell Grants awarded to prisoners;

[(3) the average length of Pell Grant subsidized study for prisoners;

[(4) the graduation or success rate of prisoners receiving Pell Grants;

[(5) an analysis of whether prisoners' lack of income has made them more successful in obtaining Pell Grants over other low-income citizens who are not incarcerated;

[(6) an analysis of whether prisoners lack of income provides them with an advantage in receiving Pell Grants; and

[(7) the Secretary's recommendations for making the program more equitable with regard to awards to prisoners in relation to other applicants.

[(b) DEADLINE FOR SUBMISSION.—The report required by subsection (a) shall be submitted not later than 6 months after the date of enactment of this Act.

[SEC. 1412. NATIONAL JOB BANK FOR TEACHER RECRUITMENT.

[(a) FEASIBILITY STUDY.—The Secretary of Education is authorized to conduct a study on the feasibility of—

[(1) establishing a clearinghouse to operate a national teacher job bank; or

[(2) establishing regional clearinghouses to operate regional teacher job banks.

[(b) NATIONAL TEACHER JOB BANK DEMONSTRATION.—

[(1) PROGRAM AUTHORIZED.—The Secretary of Education is authorized to contract with one or more State entities, nonprofit organizations, or institutions of higher education to establish a national or regional teacher job bank clearinghouse which shall—

[(A) assist local educational agencies and private schools in locating qualified applicants for teaching-related positions; and

[(B) help individuals in locating teaching-related jobs or the training necessary to enter the teaching profession or the field of early childhood or preschool education.

[(2) APPLICATION REQUIRED.—Each entity desiring to enter into a contract with the Secretary of Education for the establishment of a teacher job bank clearinghouse shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. Each such application shall include—

[(A) a demonstration of the applicant's capacity to efficiently and effectively handle a large volume of inquiries from employers and potential employees;

[(B) a demonstration of support from local educational agencies and private schools and institutions of higher education that are likely to use the services provided by the teacher job bank clearinghouse; and

[(C) a demonstration of ability to provide prospective teachers with information, either directly or by contract with another entity, regarding the certification and licensure requirements of each State which is served by a clearinghouse and information regarding procedures for assisting out-of-State teachers to meet State certification requirements.

[(3) PRIORITY.—The Secretary shall give priority to applications submitted pursuant to paragraph (2) which—

[(A) demonstrate the ability to serve a region of the United States and involve the cooperation of several State educational agencies and institutions of higher education; or

[(B) demonstrate an ability to address shortages of teachers, such as teachers from minority groups, special education teachers, bilingual teachers, or individuals planning to teach in subject areas, geographical areas, or types of schools with shortages.

[(c) USE OF FUNDS.—Each entity, organization, or institution receiving funds under this section may use such funds to—

[(1) develop, in consultation with local education agencies and other appropriate entities, standardized initial application forms for teaching jobs and related positions, and standardized forms and procedures for announcing available teaching positions;

[(2) coordinate and assist State and local teacher recruitment efforts;

[(3) publish and disseminate information about opportunities for teacher employment and teacher training;

[(4) maintain a system for matching available teachers with job openings for which they are qualified and for tracking the supply of teachers and the demand for teachers among the States;

[(5) encourage the development of programs to recruit and train minorities and individuals with disabilities to become teachers;

[(6) assist employers in checking the background of applicants;

[(7) publicize the availability of scholarships, loans, and other programs that assist individuals wishing to pursue a teaching career;

[(8) assist employers in the development of effective teacher recruitment programs;

[(9) assist in developing reciprocal agreements on teacher certification among States; and

[(10) conduct such other activities and services necessary to carrying out the purposes of this section in accordance with the provisions of this section.

[(d) DEFINITION.—For the purposes of this section, the term "teacher" includes elementary and secondary school classroom teachers, and preschool and early childhood education specialists.

[(e) AUTHORIZATION.—There are authorized to be appropriated $2,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

[PART B—NATIONAL COMMISSION ON INDEPENDENT HIGHER EDUCATION

[SEC. 1421. SHORT TITLE.

[This part may be cited as the "National Independent Colleges and Universities Discovery Act".

[SEC. 1422. FINDINGS.

[The Congress finds that—

[(1) the quality and scope of higher education in our Nation is without argument the finest in the world, and a distinguishing feature of our Nation's system of higher education is its strong and diverse nonprofit independent sector;

[(2) independent colleges and universities are as diverse as the Nation itself and include traditional liberal arts institutions, major research universities, church- and faith-related colleges, colleges and universities primarily attended by minorities, women's colleges, junior colleges, and schools of law, medicine, engineering, business and other professions;

[(3) the diversity of independent colleges and universities offers students a choice in the type of educational experience that will best serve such students' interests, needs and aspirations;

[(4) independent colleges and universities enroll 21 percent of all students in the United States, award 33 percent of all bachelor's degrees in the United States, 42 percent of all such master's degrees, 36 percent of all such doctoral degrees, and 59 percent of all such professional degrees;

[(5) a majority of all undergraduate students attending independent colleges and universities receive some form of financial assistance, and such independent colleges and universities provide such financial assistance from their own resources;

[(6) independent colleges and universities are deeply involved in hundreds of partnerships with elementary and secondary schools, and such partnerships are largely funded by such colleges and universities;

[(7) independent colleges and universities have been an extraordinary example of private-public partnerships, with such colleges and universities operating in the public interest to provide a public good;

[(8) less than 20 percent of the revenue of independent colleges and universities comes from governmental funds, most of which is in the form of Federal and State financial aid;

[(9) decreases in Federal and State support for student financial aid programs has placed at risk the option of choosing an independent college or university for an increasing number of students;

[(10) whereas at the turn of the twentieth century 80 percent of the students enrolled in higher education in the United States were enrolled in independent colleges and universities, such percentage has now declined to 21 percent, and further erosions place at risk the option of choosing an independent college or university for students and parents; and

[(11) the entire sector of independent colleges and universities and the important contributions such sector makes to our Nation is at risk and deserves national policy attention.

[SEC. 1423. PURPOSE.

[It is the purpose of this part to establish a National Commission on Independent Higher Education.

[SEC. 1424. NATIONAL COMMISSION ON INDEPENDENT HIGHER EDUCATION.

[(a) Establishment.—There is established as an independent agency in the executive branch a commission to be known as the National Commission on Independent Higher Education (hereafter in this part referred to as the "Commission").

[(b) Membership.—

[(1) Composition.—The Commission shall be composed of 9 members, 3 of whom shall be appointed by the President, 2 of whom shall be appointed by the Speaker of the House of Representatives, 1 of whom shall be appointed by the Minority Leader of the House of Representatives, 2 of whom shall be appointed by the Majority Leader of the Senate, and 1 of whom shall be appointed by the Minority Leader of the Senate.

[(2) EXPERTISE REQUIREMENT.—The members of the Commission shall consist of individuals with expertise and experience in independent higher education, including expertise in national tax policy, individuals with expertise in State higher education finance, individuals with expertise in Federal financial aid programs, individuals with expertise in issues of student and faculty diversity, and individuals with expertise in graduate education and research.

[(3) DATE.—The members of the Commission shall be appointed not later than 6 months after the date of enactment of this Act.

[(c) PERIOD OF APPOINTMENT; VACANCIES.—Members of the Commission shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

[(d) MEETINGS.—The Commission shall meet at the call of the Chairman.

[(e) QUORUM.—Six of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

[(f) CHAIRPERSON.—The Commission shall select a Chairperson from among its members.

[SEC. 1425. DUTIES OF THE COMMISSION.

[The Commission shall—

[(1) develop a factual base for understanding the status of independent colleges and universities, their contributions to public priorities, and the effects of national higher education policies on the independent nonprofit sector;

[(2) review the issuance of Federal regulations regarding independent colleges and universities, and suggest means by which independent colleges and universities can be held accountable for use of public resources without inappropriate intrusion into institutional autonomy; and

[(3) address the relation between Federal and State policies on independent colleges and universities, particularly with respect to student access and choice, finance, institutional subsidies, and institutional accountability.

[SEC. 1426. REPORT AND RECOMMENDATIONS.

[(a) INTERIM REPORT.—The Commission shall submit an interim report to the President and the Congress on the Commission's activities and findings within 18 months of the date of enactment of this Act.

[(b) FINAL REPORT.—

[(1) IN GENERAL.—The Commission shall submit a final report to the President and the Congress on the Commission's activities and findings within 3 years of the date of enactment of this Act.

[(2) RECOMMENDATION.—The report described in paragraph (1) shall contain a recommendation regarding the establishment of a national policy on independent colleges and universities appropriate to meeting the Nation's higher educational goals in the twenty-first century.

[SEC. 1427. POWERS OF THE COMMISSION.

[(a) Hearings.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out the purposes of this part.

[(b) Information From Federal Agencies.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out the provisions of this part. Upon request of the Chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

[(c) Gifts.—The Commission may accept in the name of the United States grants, gifts, and bequests of money for immediate disbursement in furtherance of the functions of the Commission. Such grants, gifts, and bequests, after acceptance by the Commission, shall be paid by the donor or representative of the donor to the Treasurer of the United States, whose receipts shall be their acquittance. The Treasurer of the United States shall enter such grants, gifts, and bequests in a special account to the credit of the Commission for the purposes specified.

[(d) Authorization of Appropriations.—There are authorized to be appropriated $1,000,000 to carry out this part for fiscal year 1993 and each succeeding fiscal year. Amounts appropriated under this subsection are authorized to remain available until expended, or until the Commission is terminated, whichever occurs first.

[SEC. 1428. COMMISSION PERSONNEL MATTERS.

[(a) Travel Expenses.—From amounts appropriated under section 1427(d), the members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

[(b) Detail of Government Employees.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

[(c) Staff.—

[(1) In general.—The Chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and not more than 2 staff members to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

[(2) Compensation.—The Chairperson of the Commission may fix the compensation of the executive director and not more than 2 staff members without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and such staff may not exceed the rate payable for level 15 of the General Schedule classified under section 5107 of such title.

[SEC. 1429. TERMINATION OF THE COMMISSION.

[The Commission shall terminate 3 years after the date of enactment of this Act.

[PART C—NATIONAL COMMISSION ON THE COST OF HIGHER EDUCATION

[SEC. 1441. ESTABLISHMENT OF COMMISSION.

[There is established a Commission to be known as the "National Commission on the Cost of Higher Education" (hereafter in this part referred to as the "Commission").

[SEC. 1442. MEMBERSHIP OF COMMISSION.

[(a) APPOINTMENT.—The Commission shall be composed of 12 members as follows:

[(1) Four citizens of the United States appointed by the President.

[(2) Two Senators appointed by the Majority Leader of the Senate, of which—

[(A) one shall be a member of the Committee on Labor and Human Resources of the Senate; and

[(B) one shall be a member of the Committee on Appropriations of the Senate.

[(3) Two Senators appointed by the Minority Leader of the Senate, of which—

[(A) one shall be a member of the Committee on Labor and Human Resources of the Senate; and

[(B) one shall be a member of the Committee on Appropriations of the Senate.

[(4) Two Members of the House of Representatives appointed by the Speaker of the House of Representatives, of which—

[(A) one shall be a member of the Committee on Education and Labor of the House of Representatives; and

[(B) one shall be a member of the Committee on Appropriations of the House of Representatives.

[(5) Two Members of the House of Representatives appointed by the Minority Leader of the House of Representatives, of which—

[(A) one shall be a member of the Committee on Education and Labor of the House of Representatives; and

[(B) one shall be a member of the Committee on Appropriations of the House of Representatives.

[(b) ADDITIONAL QUALIFICATIONS.—

[(1) PRESIDENTIAL APPOINTEES.—An individual appointed under subsection (a)(1) may not be an officer or an employee of the Executive Branch.

[(2) CITIZENS.—Individuals who are not Members of the Congress and are appointed under subsection (a)(1) shall be individuals who—

[(A) have extensive knowledge of higher education and its financing and who are leaders of the education community, distinguished academics, State or local government officials, students, parents of college students, members of the business community, or other individuals with distinctive qualifications or experience; and

[(B) are not officers or employees of the United States.

[(c) CHAIRPERSON AND VICE CHAIRPERSON.—The members of the Commission shall elect a Chairman and a Vice Chairperson. In the absence of the Chairperson, the Vice Chairperson will assume the duties of the Chairperson.

[(d) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

[(e) APPOINTMENTS.—All appointments under subsection (a) shall be made within 3 months after the date of enactment of this Act.

[(f) VOTING.—Each member of the Commission shall be entitled to one vote, which shall be equal to the vote of every other member of the Commission.

[(g) VACANCIES.—Any vacancy on the Commission shall not affect its powers, but shall be filled in the manner in which the original appointment was made.

[(h) PROHIBITION OF ADDITIONAL PAY.—Members of the Commission shall receive no additional pay, allowances, or benefits by reason of their service on the Commission. Members appointed from among private citizens of the United States may be allowed travel expenses, including per diem, in lieu of subsistence, as authorized by law for persons serving intermittently in the government service to the extent funds are available for such expenses.

[SEC. 1443. FUNCTIONS OF COMMISSION.

[(a) SPECIFIC FINDINGS AND RECOMMENDATIONS.—The Commission shall study and make findings and specific recommendations regarding the following:

[(1) The increase in tuition costs compared with other commodities and services as well as methods of reducing increased tuition costs.

[(2) Trends in college and university administrative costs as well as other costs and means of reducing such increased costs.

[(3) The development of a standardized annual report that colleges and universities shall distribute which details the administrative costs, instructional costs and capital costs of such colleges and universities.

[(4) The extent to which Federal, State and local regulations contribute to increased tuition costs and the increase in the cost of higher education.

[(5) The establishment of a mechanism for a more timely and widespread distribution of data on tuition trends and other costs of operating colleges and universities.

[(6) The extent to which the lack of student financial assistance programs has contributed to increased tuition costs.

[(7) Other related topics determined to be appropriate by the Commission.

[(b) FINAL REPORT.—

[(1) IN GENERAL.—Subject to paragraph (2), the Commission shall submit to the President and to the Congress not later than September 1, 1994, a report which shall contain a detailed statement of the findings and conclusions of the Commission, including the Commission's recommendations for administrative and legislative action that the Commission considers advisable.

[(2) Majority vote required for recommendations.—Any recommendation described in paragraph (1) shall be made by the Commission to the President and to the Congress only if such recommendation is adopted by a majority vote of the members of the Commission who are present and voting.

[SEC. 1444. POWERS OF COMMISSION.

[(a) Hearings.—The Commission may, for the purpose of carrying out this part, hold such hearings and sit and act at such times and places, as the Commission may find advisable.

[(b) Rules and Regulations.—The Commission may adopt such rules and regulations as may be necessary to establish the Commission's procedures and to govern the manner of the Commission's operations, organization, and personnel.

[(c) Assistance From Federal Agencies.—

[(1) Information.—The Commission may request from the head of any Federal agency or instrumentality such information as the Commission may require for the purpose of this part. Each such agency or instrumentality shall, to the extent permitted by law and subject to the exceptions set forth in section 552 of title 5, United States Code (commonly referred to as the Freedom of Information Act), furnish such information to the Commission, upon request made by the Chairperson of the Commission.

[(2) Facilities and services, personnel detail authorized.—Upon request of the Chairperson of the Commission, the head of any Federal agency or instrumentality shall, to the extent possible and subject to the discretion of such head—

[(A) make any of the facilities and services of such agency or instrumentality available to the Commission; and

[(B) detail any of the personnel of such agency or instrumentality to the Commission, on a nonreimbursable basis, to assist the Commission in carrying out the Commission's duties under this part, except that any expenses of the Commission incurred under this subparagraph shall be subject to the limitation on total expenses set forth in section 1445(b).

[(d) Mails.—The Commission may use the United States mails in the same manner and under the same conditions as other Federal agencies.

[(e) Contracting.—The Commission, to such extent and in such amounts as are provided in appropriation Acts, may enter into contracts with State agencies, private firms, institutions, and individuals for the purpose of conducting research or surveys necessary to enable the Commission to discharge the Commission's duties under this part, subject to the limitation on total expenses set forth in section 1445(b).

[(f) Staff.—Subject to such rules and regulations as may be adopted by the Commission, the Chairperson of the Commission (subject to the limitation on total expenses set forth in section 1445(b)) shall have the power to appoint, terminate, and fix the compensation (without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, or of any other provision, or of any other provision of law, relating to the number, classification, and General Schedule rates) of an Executive Director, and of such additional staff as the Chairperson deems advisable to assist the Commission, at rates not to exceed a rate equal to the maximum rate for level IV of the Executive Schedule under section 5332 of such title.

[(g) ADVISORY COMMITTEE.—The Commission shall be considered an advisory committee within the meaning of the Federal Advisory Committee Act (5 U.S.C. App.) and shall be independent from the Executive Branch.

[SEC. 1445. EXPENSES OF COMMISSION.

[(a) IN GENERAL.—Any expenses of the Commission shall be paid from such funds as may be available to the Secretary of the Treasury.

[(b) LIMITATION.—The total expenses of the Commission shall not exceed $2,000,000.

[(c) GAO AUDIT.—Prior to the termination of the Commission pursuant to section 1446, the Comptroller General of the United States shall conduct an audit of the financial books and records of the Commission to determine that the limitation on expenses has been met, and shall include the Comptroller General's determination in an opinion to be included in the report of the Commission.

[SEC. 1446. TERMINATION OF COMMISSION.

[The Commission shall cease to exist on the date that is 90 days after the date on which the Commission submits its final report in accordance with section 1443(b).

[TITLE XV—RELATED PROGRAMS AND AMENDMENTS TO OTHER LAWS

[PART A—NATIONAL CENTER FOR THE WORKPLACE

[SEC. 1511. PURPOSE; DESIGNATION.

[It is the purpose of this part to address the problems created by the simultaneous convergence of broad economic, social, cultural, political, and technological changes in the workplace through a national center administered by the Department of Labor that will join together workplace experts from America's best institutions of higher education with experts from the public and private sectors to conduct research, share information, and propose remedies.

[SEC. 1512. ESTABLISHMENT.

[(a) ESTABLISHMENT.—

[(1) IN GENERAL.—There is authorized to be established the National Center for the Workplace (hereafter in this part referred to as the "Center") through competitive grant or contract between the Secretary of Labor and an eligible recipient.

[(2) MATCHING FUNDS.—In order to receive the grant described in paragraph (1) an eligible entity shall provide matching funds from non-Federal sources equal to 25 percent of the funds received pursuant to such grant.

[(b) ELIGIBLE RECIPIENT.—An eligible recipient shall be a consortium of institutions of higher education in the United States. The consortium shall represent a diversity of views on and an expertise in the field of employment policy, and shall be represented and coordinated by a host institution of higher education that meets all of the following criteria:

[(1) Broad collective knowledge of and demonstrable experience in the wide range of employment and workplace issues.

[(2) A faculty that, collectively, demonstrates a nonpartisan research and policy perspective joining the several relevant workplace disciplines (labor economics, industrial relations, collective bargaining, human resource management, sociology, psychology, and law) in a multidisciplinary approach to workplace issues.

[(3) Established credibility and working relationships with employers, unions, and government agencies on a national scale, and established means of providing education and technical assistance to each of the above groups that include publications, state-of-the-art electronic and video technology, and distinguished extension/outreach programs operating on a national and international level.

[(c) REPORT.—The Center shall annually report to the Congress, the Secretary of Education, and the Secretary of Labor on the activities of the Center.

[SEC. 1513. USE OF FUNDS.

[(a) CENTER ACTIVITIES.—Payments made under this part may be used to establish and operate the Center, to bring together major independent researchers from the Center's member-institutions focused on the most significant workplace problems with the aim of analysis and synthesis of policy implications and dissemination of findings, and to support the following activities:

[(1) The coordination and funding of research activities of the Center's member-institutions for collaborative collection and evaluation of data on changes and trends in the workplace and in the labor force, on established and emerging public policy issues, on the economic and occupational structures, and on work organizations and employment conditions.

[(2) The analysis of the public policy implications of social and demographic changes in the United States as they relate to the workplace.

[(3) The conduct of seminars for Federal and State policymakers on policy implications of the Center's findings. Such seminars shall be held not more frequently than once each year. In addition, the Center shall utilize electronic technology, such as computer networks and video conferencing, to convey the cumulative value of the Center's activities from year to year and to foster continuous exchange of ideas and information.

[(4) The conduct of a National Conference on employment policy not more frequently than once each year for the leaders of business and organized labor in the United States designed to convey the cumulative value of the Center's activities and to foster an exchange of ideas and information.

[(5) The nonpartisan evaluation of the economic and social implications of national and international workplace and employment issues.

[(6) The provision of ready access to the Center's collective expertise for policy officials in the Federal and State governments and representatives of private and public sector organizations through meetings, publications, special reports, video conferences, electronic mail and computer networks, and other means to share up-to-date information on workplace and employment issues, practices, and innovations, the most promising options, and guidance in management of the change process.

[(7) The development of programs, curricula, and instructional materials for colleges, universities, and other educational institutions designed to impart the knowledge and skills required to promote innovations in the design of work and employment conditions that enhance organizational performance and meet worker needs.

[(8) The development and administration of a national repository of information on key workplace issues that can be readily accessed by the public and private sector.

[(b) FELLOWSHIPS.—Grant funds awarded under this title may also be used to provide graduate assistantships and fellowships at the Center to encourage graduate study of the field of employment policy and to encourage graduate research in areas that are seen as critical to national competitiveness.

[SEC. 1514. GIFTS AND DONATIONS.

[The Center is authorized to receive money and other property donated, bequeathed, or devised to the Center with or without a condition of restriction, for the purpose of furthering the activities of the Center. All funds or property given, devised, or bequeathed shall be retained in a separate account, and an accounting of those funds and property shall be included in the annual report submitted pursuant to section 1512(c).

[SEC. 1515. AUTHORIZATION.

[(a) IN GENERAL.—There are authorized to be appropriated $2,500,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

[(b) AVAILABILITY.—Funds appropriated pursuant to the authority of subsection (a) shall remain available until expended.

[PART B—NATIONAL CLEARINGHOUSE FOR POSTSECONDARY EDUCATION MATERIALS

[SEC. 1521. NATIONAL CLEARINGHOUSE FOR POSTSECONDARY EDUCATION MATERIALS.

[(a) PURPOSE.—The purpose of this section is to coordinate the production and distribution of educational materials in an accessible form, especially audio and digital text production, to college and university based print-disabled populations.

[(b) PROGRAM AUTHORITY.—

[(1) IN GENERAL.—The Secretary of Education is authorized to award a grant or contract to pay the Federal share of the cost of establishing a National Clearinghouse for Postsecondary Education Materials (hereafter in this part referred to as the "Clearinghouse") to coordinate the production and distribution of educational materials, in an accessible form, including audio and digital, for students with disabilities.

[(2) AWARD BASIS.—The grant or contract awarded pursuant to paragraph (1) shall be made on a competitive basis.

[(3) DURATION.—The grant or contract awarded under this section shall be awarded for a period of 3 years.

[(c) USE OF FUNDS.—The grant or contract awarded under this section shall be used to—

[(1) catalog in computer-readable form postsecondary education materials;

[(2) identify college campus-based services producing taped texts whose technical and reader quality make them eligible for inclusion in the Clearinghouse and share its quality control standards with campus-based student support services offices serving students with disabilities;

[(3) promote data conversion and programming to allow the electronic exchange of bibliographic information between existing on line systems;

[(4) encourage outreach efforts that will educate print-disabled individuals, as defined by section 652(d)(2) of the Individuals With Disabilities Education Act, educators, schools, and agencies about the Clearinghouse's activities;

[(5) upgrade existing computer systems at the Clearinghouse;

[(6) coordinate with identifiable and existing data bases containing postsecondary education materials, including the programs authorized under section 652(d) of the Individuals With Disabilities Act; and

[(7) develop and share national guidelines and standards for the production of audio and digital text materials.

[(d) FEDERAL SHARE LIMITATION.—The Federal share under this section may not be more than—

[(1) 80 percent of the total cost of the program in the first year;

[(2) 60 percent of the total cost of the program in the second year; and

[(3) 50 percent of the total cost of the program in the third year.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for the purpose of this section, $1,000,000 for fiscal year 1993 and such sums as may be necessary for each of the fiscal years 1994 and 1995.

[PART C—SCHOOL-BASED DECISIONMAKERS

[SEC. 1531. TRAINING AND TECHNICAL ASSISTANCE FOR SCHOOL-BASED DECISIONMAKERS DEMONSTRATION PROGRAM.

[(a) IN GENERAL.—The Secretary of Education is authorized to make grants to local education agencies, in consortia with one or more institutions of higher education, to establish programs to provide training and technical assistance to school-based decisionmakers in local education agencies implementing system-wide reform.

[(b) APPLICATION.—To be eligible to receive a training and technical assistance demonstration grant under this section, consortia shall submit an application to the Secretary of Education in such form and containing or accompanied by such information as the Secretary may require. A copy of the application shall also be sent to the State educational agency for notification purposes.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 for fiscal year 1993 and such sums as may be necessary for fiscal years 1994 and 1995.

[PART D—GRANTS FOR SEXUAL OFFENSES EDUCATION

[SEC. 1541. GRANTS FOR CAMPUS SEXUAL OFFENSES EDUCATION.

[(a) GRANTS AUTHORIZED.—

[(1) IN GENERAL.—The Secretary of Education (hereafter in this part referred to as the "Secretary") is authorized to make grants to or enter into contracts with institutions of higher education or consortia of such institutions to enable such institution to carry out sexual offenses education and prevention programs under this section.

[(2) AWARD BASIS.—The Secretary shall award grants and contracts under this section on a competitive basis.

[(3) EQUITABLE PARTICIPATION.—The Secretary shall make every effort to ensure the equitable participation of private and public institutions of higher education and to ensure the equitable geographic participation of such institutions in the activities assisted under this part.

[(4) PRIORITY.—In the award of grants and contracts under this section, the Secretary shall give priority to institutions of higher education or consortia of such institutions that show the greatest need for the sums requested.

[(b) GENERAL SEXUAL OFFENSES PREVENTION AND EDUCATION GRANTS.—Funds provided under this part may be used for the following purposes:

[(1) To provide training for campus security and college personnel, including campus disciplinary or judicial boards, that address the issues of sexual offenses.

[(2) To develop, disseminate, or implement campus security and student disciplinary policies to prevent and discipline sexual offense crimes.

[(3) To develop, enlarge, or strengthen support services programs including medical or psychological counseling to assist victims' recovery from sexual offense crimes.

[(4) To create, disseminate, or otherwise provide assistance and information about victims' options on and off campus to bring disciplinary or other legal action.

[(5) To implement, operate, or improve sexual offense education and prevention programs, including programs making use of peer-to-peer education.

[(c) MODEL GRANTS.—Not less than 25 percent of the funds appropriated for this section in any fiscal year shall be available for grants or contracts for model demonstration programs which will be coordinated with local rape crisis centers for the development and implementation of quality rape prevention and education curricula and for local programs to provide services to student sexual offense victims.

[(d) ELIGIBILITY.—No institution of higher education or consortium of such institutions shall be eligible to be awarded a grant or contract under this section unless—

[(1) its student code of conduct, or other written policy governing student behavior explicitly prohibits all forms of sexual offenses;

[(2) it has in effect and implements a written policy requiring the disclosure to the victim of any sexual offense of the outcome of any investigation by campus police or campus disciplinary proceedings brought pursuant to the victim's complaint against the alleged perpetrator of the sexual offense, except that nothing in this section shall be interpreted to authorize disclosure to any person other than the victim; and

[(3) the Secretary shall give priority to those applicants who do not have an established campus education program regarding sexual offenses.

[(e) APPLICATIONS.—

[(1) IN GENERAL.—In order to be eligible to be awarded a grant or contract under this section for any fiscal year, an institution of higher education or consortium of such institutions shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

[(2) CONTENTS.—Each application submitted under paragraph (1) shall—

[(A) set forth the activities and programs to be carried out with funds granted under this part;

[(B) contain an estimate of the cost for the establishment and operation of such programs;

[(C) explain how the program intends to address the issue of sexual offenses;

[(D) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, to increase the level of funds that would, in the absence of such Federal funds, be made available by the applicant for the purpose described in this part, and in no case to supplant such funds; and

[(E) include such other information and assurances as the Secretary reasonably determines to be necessary.

[(f) Grantee Reporting.—Upon completion of the grant or contract period under this section, the grantee institution or consortium of such institutions shall file a performance report with the Secretary explaining the activities carried out together with an assessment of the effectiveness of those activities in achieving the purposes of this section. The Secretary shall suspend funding for an approved application if an applicant fails to submit an annual performance report.

[(g) Definitions.—For purposes of this part, the term "sexual offenses educational and prevention" includes programs that provide education seminars, peer-to-peer counseling, operation of hotlines, self-defense courses, the preparation of informational materials, and any other effort to increase campus awareness of the facts about, or to help prevent, sexual offenses.

[(h) General Terms and Conditions.—

[(1) Regulations.—Not later than 90 days after the date of enactment of this section, the Secretary shall publish proposed regulations implementing this section. Not later than 150 days after such date, the Secretary shall publish final regulations implementing this section.

[(2) Reports to congress.—Not later than 180 days after the end of each fiscal year for which grants or contracts are awarded under this section, the Secretary shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and to crime, a report that includes—

[(A) the amount of grants or contracts awarded under this section;

[(B) a summary of the purposes for which those grants or contracts were awarded and an evaluation of their progress; and

[(C) a copy of each grantee report filed pursuant to subsection (f) of this section.

[(i) Authorization of Appropriations.—For the purpose of carrying out this part, there are authorized to be appropriated $10,000,000 for the fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[PART E—OLYMPIC SCHOLARSHIPS

[SEC. 1543. OLYMPIC SCHOLARSHIPS.

[(a) Scholarships Authorized.—

[(1) In general.—The Secretary of Education is authorized to provide financial assistance to the United States Olympic Education Center or the United States Olympic Training Center to enable such centers to provide financial assistance to athletes who are training at such centers and are pursuing postsecondary education at institutions of higher education (as such term is defined in section 481(a) of the Higher Education Act of 1965).

[(2) Award determination.—The amount of financial assistance provided to athletes described in paragraph (1) shall be determined in accordance with such athlete's financial need as determined in accordance with part F of title IV of the Higher Education Act of 1965.

[(b) ELIGIBILITY.—The Secretary of Education shall ensure that financial assistance provided under this part is available to both full-time and part-time students who are athletes at centers described in subsection (a).

[(c) APPLICATION.—Each center desiring financial assistance under this section shall submit an application to the Secretary of Education at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.]

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[PART G—ADVANCED PLACEMENT FEE PAYMENT PROGRAM

[SEC. 1545. ADVANCED PLACEMENT FEE PAYMENT PROGRAM.

[(a) PROGRAM ESTABLISHED.—The Secretary of Education is authorized to make grants to States to enable the States to reimburse individuals to cover part or all of the cost of advance placement test fees, to low-income individuals who—

[(1) are enrolled in an advanced placement class; and

[(2) plan to take an advanced placement test.

[(b) INFORMATION DISSEMINATION.—The State educational agency shall disseminate information on the availability of test fee payments under this section to eligible individuals through secondary school teachers and guidance counselors.

[(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for grants the Secretary of Education shall—

[(1) require that each such application contain a description of the advance placement test fees the State will pay on behalf of individual students;

[(2) require an assurance that any funds received under this section shall only be used to pay advanced placement test fees; and

[(3) contain such information as the Secretary may require to demonstrate that the State will ensure that the student is eligible for payments under this section, including the documentation required by chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965.

[(d) SUPPLEMENTATION OF FUNDING.—Funds provided under this section shall be used to supplement and not supplant other Federal, State, and local or private funds available to assist low-income individuals in paying for advanced placement testing.

[(e) REGULATIONS.—The Secretary of Education shall prescribe such regulations as are necessary to carry out this section.

[(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $3,600,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

[(g) DEFINITION.—As used in this section:

[(1) ADVANCED PLACEMENT TEST.—The term "advanced placement test" includes only an advanced placement test approved by the Secretary of Education for the purposes of this section.

[(2) LOW-INCOME INDIVIDUAL.—The term "low-income individual" has the meaning given the term in section 402A(g)(2) of the Higher Education Act of 1965.]

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SECTION 808 OF THE INTELLIGENCE AUTHORIZATION ACT, FISCAL YEAR 1992

SEC. 808. DEFINITIONS.

For the purpose of this title:

(1) * * *

* * * * * * *

(3) The term "institution of higher education" has the meaning given that term by section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*.

JOB TRAINING PARTNERSHIP ACT

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DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply:

(1) * * *

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(12) The term "institution of higher education" means any institution of higher education as that term is defined in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965.

* * * * * * *

TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

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PART C—PROGRAM REQUIREMENTS FOR SERVICE DELIVERY SYSTEM

GENERAL PROGRAM REQUIREMENTS

SEC. 141. Except as otherwise provided, the following conditions are applicable to all programs under this Act:

(a) * * *

* * * * * * *

(d)(1) * * *

* * * * * * *

(3)(A) * * *

(B) Tuition charges for training or education provided by an institution of higher education (as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*) or a proprietary institution of higher education (as defined in section 481(b) of such Act (20 U.S.C. 1088(b))), that are not more than the charges for such training or education made available to the general public, do not require a breakdown of cost components.

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SECTION 901 OF THE JUSTICE SYSTEM IMPROVEMENT ACT OF 1979

DEFINITIONS

SEC. 901. (a) As used in this title—

(1) * * *

* * * * * * *

(17) "institution of higher education" means any such institution as defined by section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*, subject, however, to such modifications and extensions as the Office may determine to be appropriate;

* * * * * * *

SECTION 112 OF THE MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961

SEC. 112. (a) In order to carry out the purposes of this Act, there is established in the United States Information Agency, or in such appropriate agency of the United States as the President shall determine, a Bureau of Educational and Cultural Affairs (hereinafter in this section referred to as the "Bureau"). The Bureau shall be responsible for managing, coordinating, and overseeing programs established pursuant to this Act, including but not limited to—

(1) * * *

* * * * * * *

(8) the Samantha Smith Memorial Exchange Program which advances understanding between the United States and the independent states of the former Soviet Union and between the United States and Eastern European countries through the exchange of persons under the age of 21 years and of students at an institution of higher education (as defined in [section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*) who have not received their initial baccalaureate degree or through other programs designed to promote contact between the young

peoples of the United States, the independent states of the former Soviet Union, and Eastern European countries; and

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NATIONAL AND COMMUNITY SERVICE ACT OF 1990

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TITLE I—NATIONAL AND COMMUNITY SERVICE STATE GRANT PROGRAM

Subtitle A—General Provisions

SEC. 101. DEFINITIONS.

For purposes of this title:

(1) * * *

* * * * * * *

(13) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the same meaning given such term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

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Subtitle D—National Service Trust and Provision of National Service Educational Awards

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SEC. 148. DISBURSEMENT OF NATIONAL SERVICE EDUCATIONAL AWARDS.

(a) * * *

* * * * * * *

(g) DEFINITION OF INSTITUTION OF HIGHER EDUCATION.—Notwithstanding section 101 of this Act, for purposes of this section the term "institution of higher education" has the meaning provided by section [481(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a))] *101(a)(2) of the Higher Education Act of 1965.*

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Subtitle E—Civilian Community Corps

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SEC. 166. DEFINITIONS.

In this subtitle:

(1) * * *

* * * * * * *

(6) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given that term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

* * * * * * *

SECTION 1403 OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1987

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SEC. 1403. DEFINITIONS.

In this title:

(1) * * *

* * * * * * *

(4) The term "institution of higher education" means any such institution as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

* * * * * * *

SECTION 4451 OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1993

SEC. 4451. ENVIRONMENTAL SCHOLARSHIP AND FELLOWSHIP PROGRAMS FOR THE DEPARTMENT OF DEFENSE

(a) * * *

(b) ELIGIBILITY.—To be eligible to participate in the scholarship or fellowship program, an individual must—

(1) be accepted for enrollment or be currently enrolled as a full-time student at an institution of higher education (as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)] *101(a)(1) of the Higher Education Act of 1965*);

* * * * * * *

SECTION 3132 OF THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEARS 1992 AND 1993

SEC. 3132. SCHOLARSHIP AND FELLOWSHIP PROGRAM FOR ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT.

(a) * * *

(b) ELIGIBILITY.—To be eligible to participate in the scholarship and fellowship program, an individual must—

(1) be accepted for enrollment or be currently enrolled as a full-time student at an institution of higher education (as de-

fined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*;

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NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1994

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DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

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TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

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Subtitle E—Other Matters

SEC. 841. REIMBURSEMENT OF INDIRECT COSTS OF INSTITUTIONS OF HIGHER EDUCATION UNDER DEPARTMENT OF DEFENSE CONTRACTS.

(a) * * *

* * * * * * *

(c) DEFINITIONS.—In this section:

(1) * * *

(2) The term "institution of higher education" has the meaning given such term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

* * * * * * *

TITLE XIII—DEFENSE CONVERSION, REINVESTMENT, AND TRANSITION ASSISTANCE

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Subtitle C—Personnel Adjustment, Education, and Training Programs

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SEC. 1333. GRANTS TO INSTITUTIONS OF HIGHER EDUCATION TO PROVIDE EDUCATION AND TRAINING IN ENVIRONMENTAL RESTORATION TO DISLOCATED DEFENSE WORKERS AND YOUNG ADULTS.

(a) * * *

*   *   *   *   *   *   *

(i) DEFINITIONS.—For purposes of this section:

(1) * * *

*   *   *   *   *   *   *

(3) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

*   *   *   *   *   *   *

SEC. 1334. ENVIRONMENTAL EDUCATION OPPORTUNITIES PROGRAM.

(a) * * *

*   *   *   *   *   *   *

(k) DEFINITIONS.—For purposes of this section:

(1) * * *

*   *   *   *   *   *   *

(3) The term "institution of higher education" has the same meaning given such term in [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

*   *   *   *   *   *   *

SECTION 402 OF THE NATIONAL EDUCATION STATISTICS ACT OF 1994

SEC. 402. FINDINGS; PURPOSE; DEFINITIONS.

(a) * * *

*   *   *   *   *   *   *

(c) DEFINITIONS.—For the purpose of this title and unless otherwise specified—

(1) * * *

*   *   *   *   *   *   *

(3) the term "institution of higher education" has the same meaning given such term in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965;

*   *   *   *   *   *   *

SECTION 102 OF THE OLDER AMERICANS ACT OF 1965

DEFINITIONS

SEC. 102. For the purposes of this Act—

(1) * * *

*　　*　　*　　*　　*　　*　　*

(32) The term "institution of higher education" has the meaning given the term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

*　　*　　*　　*　　*　　*　　*

SECTION 1007 OF THE OMNIBUS PARKS AND PUBLIC LANDS MANAGEMENT ACT OF 1996

SEC. 1007. ADVISORY COMMITTEE.

(a) * * *

*　　*　　*　　*　　*　　*　　*

(c) MEMBERSHIP.—The Advisory Committee shall consist of 13 members, who shall be appointed by the Secretary as follows:

(1) * * *

*　　*　　*　　*　　*　　*　　*

(5) One member shall be a range management specialist representing institutions of higher education (as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*) in the State of Kansas.

*　　*　　*　　*　　*　　*　　*

ACT OF NOVEMBER 2, 1921

(Populary known as the "Snyder Act")

AN ACT Authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Bureau of Indian Affairs, under the supervision of the Secretary of the Interior, shall direct, supervise, and expend such moneys as Congress may from time to time appropriate, for the benefit, care, and assistance of the Indians throughout the United States for the following purposes:

General support and civilization, including education.

For relief of distress and conservation of health.

For industrial assistance and advancement and general administration of Indian property.

For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

For the the enlargement, extension, improvement, and repair of the buildings and grounds of existing plants and projects.

For the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees.

For the suppression of traffic in intoxicating liquor and deleterious drugs.

For the purchase of horse-drawn and motor-propelled passenger-carrying vehicles for official use.

And for general and incidental expenses in connection with the administration of Indian affairs.

Notwithstanding any other provision of this Act or any other law, postsecondary schools administered by the Secretary of the Interior for Indians, and which meet the definition of an "institution of higher education" under section **[**1201**]** *101(a)(1)* of the Higher Education Act of 1965 shall be eligible to participate in and receive appropriated funds under any program authorized by the Higher Education Act of 1965, or any other applicable program for the benefit of institutions of higher education, community colleges, or postsecondary educational institutions.

SECTION 223 OF THE COMMUNICATION ACT OF 1934

SEC. 223. OBSCENE OR HARASSING TELEPHONE CALLS IN THE DISTRICT OF COLUMBIA OR IN INTERSTATE OR FOREIGN COMMUNICATIONS.

(a) * * *

* * * * * * *

(h) For purposes of this section—

(1) * * *

* * * * * * *

(4) The term "institution of higher education" has the meaning provided in section **[**1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)**]** *101(a)(1) of the Higher Education Act of 1965*.

* * * * * * *

FEDERAL WATER POLLUTION CONTROL ACT

DEFINITIONS AND AUTHORIZATIONS

SEC. 112. (a) As used in sections 109 through 112 of this Act—

(1) The term "institution of higher education" means an educational institution described in the first sentence of section **[**1201**]** *101(a)(1)* of the Higher Education Act of 1965 (other than an institution of any agency of the United States) which is accredited by a nationally recognized accrediting agency or association approved by the Administrator for this purpose. For purposes of this subsection, the Administrator shall publish a list of nationally recognized accrediting agencies or asso-

ciations which he determines to be reliable authority as to the quality of training offered.

* * * * * * *

SECTION 347 OF THE CARL D. PERKINS VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION ACT

SEC. 347. DEFINITIONS.

For purposes of this part:

(1) * * *

(2) The term "community college"—

(A) has the meaning provided in section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965 for an institution which provides not less than a 2-year program which is acceptable for full credit toward a bachelor's degree; and

* * * * * * *

SECTION 362 OF THE ENERGY POLICY AND CONSERVATION ACT

STATE ENERGY CONSERVATION PLANS

SEC. 362. (a) * * *

* * * * * * *

(f)(1) The purposes of this subsection are to—

(A) * * *

* * * * * * *

(5) For the purposes of this subsection, the term—

(A) "institution of higher education" has the same meaning as such term is defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*;

* * * * * * *

SECTION 815 OF THE JAMES MADISON MEMORIAL FELLOWSHIP ACT

DEFINITION

SEC. 815. As used in this title—

(1) * * *

* * * * * * *

(3) the term "institution of higher education" has the same meaning given that term by section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965; and

(4) the term "secondary school" has the same meaning given that term by section [1201(d)] *101(a)(1)* of the Higher Education Act of 1965.

* * * * * * *

REHABILITATION ACT OF 1973

* * * * * * *

DEFINITIONS

SEC. 7. For the purposes of this Act:

(1) * * *

* * * * * * *

(32) The term "institution of higher education" has the meaning given the term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

* * * * * * *

TITLE I—VOCATIONAL REHABILITATION SERVICES

PART A—GENERAL PROVISIONS

* * * * * * *

STATE PLANS

SEC. 101. (a) In order to be eligible to participate in programs under this title, a State shall submit to the Commissioner a State plan for vocational rehabilitation services for a 3-year period, or shall submit the plan on such date, and at such regular intervals, as the Secretary may determine to be appropriate to coincide with the intervals at which the State submits State plans under other Federal laws, such as part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.). In order to be eligible to participate in programs under this title, a State, upon the request of the Commissioner, shall make such annual revisions in the plan as may be necessary. Each such plan shall—

(1) * * *

* * * * * * *

(7)(A) include a description (consistent with the purposes of this Act) of a comprehensive system of personnel development, which shall include—

(i) a description of the procedures and activities the State agency will undertake to ensure an adequate supply of qualified State rehabilitation professionals and paraprofessionals for the designated State unit, including the development and maintenance of a system for determining, on an annual basis—

(I) * * *

* * * * * * *

(iv) a description of the development, updating, and implementation of a plan that—

(I) * * *

(II) provides for the coordination and facilitation of efforts between the designated State unit and institutions of higher education (as defined in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*) and professional associations to recruit, prepare and retain qualified personnel, including personnel from minority backgrounds, and personnel who are individuals with disabilities; and

* * * * * * *

SECTION 3 OF THE TECHNOLOGY-RELATED ASSISTANCE FOR INDIVIDUALS WITH DISABILITIES ACT OF 1988

SEC. 3. DEFINITIONS.

For purposes of this Act:

(1) * * *

* * * * * * *

(8) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" has the meaning given such term in section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*, and includes community colleges receiving funding under the Tribally Controlled Community College Assistance Act of 1978 (25 U.S.C. 1801 et seq.).

* * * * * * *

THE TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978

* * * * * * *

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tribally Controlled Community College Assistance Act of 1978".

DEFINITIONS

SEC. 2. (a) For purposes of this Act, the term—

(1) * * *

* * * * * * *

(4) "tribally controlled [community college] *college or university*" means an institution of higher education which is formally controlled, or has been formally sanctioned, or chartered, by the governing body of an Indian tribe or tribes, except that no more than one such institution shall be recognized with respect to any such tribe;

(5) "institution of higher education" means an institution of higher education as defined by section [1201(a)] *101(a)(1)* of the Higher Education Act of 1965, except that clause (2) of such section shall not be applicable and the reference to Secretary in clause (5)(A) of such section shall be deemed to refer to the Secretary of the Interior;

(6) "national Indian organization" means an organization which the Secretary finds is nationally based, represents a substantial Indian constituency, and has expertise in the field of Indian education;

(7) "Indian student count" means a number equal to the total number of Indian students enrolled in each tribally controlled [community college] *college or university*, determined in a manner consistent with subsection (b) of this section on the basis of the quotient of the sum of the credit hours of all Indian students so enrolled, divided by twelve; and

(8) "satisfactory progress toward a degree or certificate" has the meaning given to such term by the institution at which the student is enrolled.

(b) The following conditions shall apply for the purpose of determining the Indian student count pursuant to paragraph (7) of subsection (a):

(1) * * *

* * * * * * *

(4) Indian students earning credits in any continuing education program of a tribally controlled [community college] *college or university* shall be included in determining the sum of all credit hours.

(5) Credits earned in a continuing education program shall be converted to a credit-hour basis in accordance with the tribally controlled [community college's] *college's or university's* system for providing credit for participation in such program.

(6) No credit hours earned by an Indian student who is not making satisfactory progress toward a degree or certificate, shall be taken into account.

TITLE I—TRIBALLY CONTROLLED [COMMUNITY COLLEGES] *COLLEGES AND UNIVERSITIES*

PURPOSE

SEC. 101. It is the purpose of this title to provide grants for the operation and improvement of tribally controlled [community colleges] *colleges and universities* to insure continued and expanded educational opportunities for Indian students, and to allow for the improvement and expansion of the physical resources of such institutions.

GRANTS AUTHORIZED

SEC. 102. (a) The Secretary shall, subject to appropriations, make grants pursuant to this title to tribally controlled [community colleges] *colleges and universities* to aid in the postsecondary education of Indian students.

(b) Grants made pursuant to this title shall go into the general operating funds of the institution to defray, at the determination of the tribally controlled [community college] *college or university*, expenditures for academic, educational, and administrative purposes and for the operation and maintenance of the college *or university*. Funds provided pursuant to this title shall not be used in connection with religious worship or sectarian instruction.

ELIGIBLE GRANT RECIPIENTS

SEC. 103. To be eligible for assistance under this title, a tribally controlled [community college] *college or university* must be one which—

(1) is governed by a board of directors or board of trustees a majority of which are Indians;

(2) demonstrates adherence to stated goals, a philosophy, or a plan of operation which is directed to meet the needs of Indians; [and]

(3) if in operation for more than one year, has students a majority of whom are Indians[.]; *and*

(4) has been accredited by a nationally recognized accrediting agency or association determined by the Secretary of Education to be a reliable authority as to the quality of training offered, or is, according to such an agency or association, making reasonable progress toward such accreditation.

PLANNING GRANTS

SEC. 104. (a) The Secretary shall establish a program in accordance with this section to make grants to tribes and tribal entities (1) to conduct planning activities for the purpose of developing proposals for the establishment of tribally controlled [community colleges] *colleges and universities*, or (2) to determine the need and potential for the establishment of such colleges *and universities*.

(b) The Secretary shall establish, by regulation, procedures for the submission and review of applications for grants under this section.

* * * * * * *

TECHNICAL ASSISTANCE CONTRACTS

SEC. 105. The Secretary shall provide, upon request from a tribally controlled [community college] *college or university* which is receiving funds under section 108, technical assistance either directly or through contract. In the awarding of contracts for technical assistance, preference shall be given to an organization designated by the tribally controlled [community college] *college or university* to be assisted. No authority to enter into contracts provided by this section shall be effective except to the extent authorized in advance by appropriations Acts.

ELIGIBILITY STUDIES *AND ACCREDITATION PROGRAM*

SEC. 106. (a) The Secretary is authorized to enter into an agreement with the Secretary of Education to assist the Bureau of Indian Affairs in developing plans, procedures, and criteria for conducting the eligibility studies required by this section. Such agreement shall provide for continuing technical assistance in the conduct of such studies.

(b) The Secretary, within thirty days after a request by any Indian tribe, shall initiate a eligibility study to determine whether there is justification to encourage and maintain a tribally controlled [community college] *college or university*, and, upon a positive determination, shall aid in the preparation of grant applications and related budgets which will insure successful operation of such an institution. Such a positive determination shall be effective for the fiscal year succeeding the fiscal year in which such determination is made.

(c) The Secretary of Education shall assist tribally controlled colleges and universities in the development of a national accrediting agency or association for such colleges and universities.

[(c)] *(d)* Funds to carry out the purposes of this section for any fiscal year may be drawn from either—

(1) general administrative appropriations to the Secretary made after the date of enactment of this Act for such fiscal year; or

(2) not more than 5 per centum of the funds appropriated to carry out section 107 for such fiscal year.

GRANTS TO TRIBALLY CONTROLLED [COMMUNITY COLLEGES] *COLLEGES AND UNIVERSITIES*

SEC. 107. (a) Grants shall be made under this title only in response to applications by tribally controlled [community colleges] *colleges and universities*. Such applications shall be submitted at such time, in such manner, and will contain or be accompanied by such information as the Secretary may reasonably require pursuant to regulations. Such application shall include a description of recordkeeping procedures for the expenditure of funds received under this Act which will allow the Secretary to audit and monitor programs conducted with such funds. The Secretary shall not consider any grant application unless a eligibility study has been conducted under section 106 and it has been found that the applying [community college] *college or university* will service a reasonable student population.

(b) The Secretary shall consult with the Secretary of Education to determine the reasonable number of students required to support a tribally controlled [community college] *college or university*. Consideration shall be given to such factors as tribal and cultural differences, isolation, the presence of alternate education sources, and proposed curriculum.

* * * * * * *

AMOUNT OF GRANTS

SEC. 108. (a) Except as provided in section 111, the Secretary shall, subject to appropriations, grant for each academic year to each tribally controlled [community college] *college or university* having an application approved by him an amount equal to the product of—

(1) the Indian student count at such college *or university* during the academic year preceding the academic year for

which such funds are being made available, as determined by the Secretary in accordance with section 2(a)(7); and

(2) [$5,820] *$6,000,*

except that no grant shall exceed the total cost of the education program provided by such college *or university*.

(b)(1) * * *

*　　*　　*　　*　　*　　*　　*

(3)(A) Notwithstanding any provision of law other than subparagraph (B), any interest or investment income that accrues on any funds provided under this title after such funds are paid to the tribally controlled [community college] *college or university* and before such funds are expended for the purpose for which such funds were provided under this title shall be the property of the tribally controlled [community college] *college or university* and shall not be taken into account by any officer or employee of the Federal Government in determining whether to provide assistance, or the amount of assistance, to the tribally controlled [community college] *college or university* under any provision of Federal law.

(B) All interest or investment income described in subparagraph (A) shall be expended by the tribally controlled [community college] *college or university* by no later than the close of the fiscal year succeeding the fiscal year in which such interest or investment income accrues.

(4) Funds provided under this title may only be invested by the tribally controlled [community college] *college or university* in obligations of the United States or in obligations or securities that are guaranteed or insured by the United States.

(c)(1) Each institution receiving payments under this title shall annually provide to the Secretary an accurate and detailed accounting of its operating and maintenance expenses and such other information concerning costs as the Secretary may request.

(2) The Secretary shall, in consultation with the National Center for Education Statistics, establish a data collection system for the purpose of obtaining accurate information with respect to the needs and costs of operation and maintenance of tribally controlled [community colleges] *colleges and universities*.

*　　*　　*　　*　　*　　*　　*

EFFECT ON OTHER PROGRAMS

SEC. 109. (a) Except as specifically provided in this title, eligibility for assistance under this title shall not, by itself, preclude the eligibility of any tribally controlled college to receive Federal financial assistance under any program authorized under the Higher Education Act of 1965 or any other applicable program for the benefit of institutions of higher education, [community colleges] *colleges and universities*, or postsecondary educational institutions.

(b)(1) The amount of any grant for which tribally controlled [community colleges] *colleges and universities* are eligible under section 108 shall not be altered because of funds allocated to any [such colleges] *such college or university* from funds appropriated under the Act of November 2, 1921 (42 Stat. 208; 25 U.S.C. 13).

(2) No tribally controlled [community college] *college or university* shall be denied funds appropriated under such Act of November 2, 1921 (42 Stat. 208; 25 U.S.C. 13).

(3) No tribally controlled [community college] *college or university* for which a tribe has designated a portion of the funds appropriated for the tribe from funds appropriated under the Act of November 2, 1921 (42 Stat. 208; 25 U.S.C. 13) may be denied a contract for such portion under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) (except as provided in that Act), or denied appropriate contract support to administer such portion of the appropriated funds.

[(d)] *(c)* Notwithstanding any other provision of law, funds provided under this title to the tribally controlled [community college] *college or university* may be treated as non-Federal law which requires that non-Federal or private funds of the college be used in a project or for a specific purpose.

APPROPRIATION AUTHORIZATION

SEC. 110. (a)(1) There is authorized to be appropriated, for the purpose of carrying out section 105, $3,200,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) There is authorized to be appropriated for the purpose of carrying out section 107, [$30,000,000] *$40,000,000* for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(3) There is authorized to be appropriated for the purpose of carrying out sections 112(b) and 113, $10,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(4) Funds appropriated pursuant to the authorizations under this section for the fiscal year [1993] *1999* and for each of the succeeding 4 fiscal years shall be transferred by the Secretary of the Treasury through the most expeditious method available, with each of the [Tribally Controlled Community Colleges] *tribally controlled colleges and universities* being designated as its own certifying agency.

* * * * * * *

GRANT ADJUSTMENTS

SEC. 111. (a)(1) * * *

(2) For purposes of paragraph (1) of this subsection, the term "per capita payment" for any fiscal year shall be determined by dividing the amount available for grants to tribally controlled [community colleges] *colleges and universities* under section 107 for such fiscal year by the sum of the Indian student counts of such colleges *and universities* for such fiscal year. The Secretary shall, on the basis of the most satisfactory data available, compute the Indian student count for any fiscal year for which such count was not used for the purpose of making allocations under this title.

* * * * * * *

REPORT ON FACILITIES

SEC. 112. (a) The Secretary shall provide for the conduct of a study of facilities available for use by tribally controlled [community colleges] *colleges and universities*. Such study shall consider the condition of currently existing Bureau of Indian Affairs facilities which are vacant or underutilized and shall consider available alternatives for renovation, alteration, repair, and reconstruction of such facilities (including renovation, alteration, repair, and reconstruction necessary to bring such facilities into compliance with local building codes). Such study shall also identify the need for new construction. A report on the results of such study shall be submitted to the Congress not later than eighteen months after the date of enactment of the Tribally Controlled Community College Assistance Amendments of 1986. Such report shall also include an identification of property—

(1) on which structurally sound buildings suitable for use as educational facilities are located, and

(2) which is available for use by tribally controlled [community colleges] *colleges and universities* under section 202(a)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483(a)(2)) and under the Act of August 6, 1956 (70 Stat. 1057; 25 U.S.C. 443a).

* * * * * * *

(c)(1) * * *

(2) An organization described in this section is any organization that—

(A) is eligible to receive a contract under the Indian Self-Determination and Education Assistance Act; and

(B) has demonstrated expertise in areas and issues dealing with tribally controlled [community colleges] *colleges and universities*.

* * * * * * *

CONSTRUCTION OF NEW FACILITIES

SEC. 113. (a) With respect to any tribally controlled [community college] *college or university* for which the report of the Administrator of General Services under section 112(a) of this Act identifies a need for new construction, the Secretary shall, subject to appropriations and on the basis of an application submitted in accordance with such requirements as the Secretary may prescribe by regulation, provide grants for such construction in accordance with this section.

(b) In order to be eligible for a grant under this section, a tribally controlled [community college] *college or university*—

(1) must be a current recipient of grants under section 105 or 107, and

(2) must be accredited by a nationally recognized accrediting agency listed by the Secretary of Education pursuant to the last sentence of section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*, except that such requirement may be waived if the Secretary determines that there is a reasonable expectation

that [such college] *such college or university* will be fully accredited within eighteen months. In any case where such a waiver is granted, grants under this section shall be available only for planning and development of proposals for construction.

(c)(1) Except as provided in paragraph (2), grants for construction under this section shall not exceed 80 per centum of the cost of such construction, except that no tribally controlled [community college] *college or university* shall be required to expend more than $400,000 in fulfillment of the remaining 20 per centum. For the purpose of providing its required portion of the cost of such construction, a tribally controlled [community college] *college or university* may use funds provided under the Act of November 2, 1921 (25 U.S.C. 13), popularly referred to as the Snyder Act.

(2) The Secretary may waive, in whole or in part, the requirements of paragraph (1) in the case of any tribally controlled [community college] *college or university* which demonstrates that neither [such college] *such college or university* nor the tribal government with which it is affiliated have sufficient resources to comply with such requirements. The Secretary shall base a decision on whether to grant such a waiver solely on the basis of the following factors: (A) tribal population; (B) potential student population; (C) the rate of unemployment among tribal members; (D) tribal financial resources; and (E) other factors alleged by the college *or university* to have a bearing on the availability of resources for compliance with the requirements of paragraph (1) and which may include the educational attainment of tribal members.

* * * * * * *

TITLE III—TRIBALLY CONTROLLED [COMMUNITY COLLEGE] *COLLEGE OR UNIVERSITY* ENDOWMENT PROGRAM

PURPOSE

SEC. 301. It is the purpose of this title to provide grants for the encouragement of endowment funds for the operation and improvement of tribally controlled [community colleges] *colleges and universities*.

ESTABLISHMENT OF PROGRAM; PROGRAM AGREEMENTS

SEC. 302. (a) From the amount appropriated pursuant to section 306, the Secretary shall establish a program of making endowment grants to tribally controlled [community colleges] *colleges and universities* which are current recipients of assistance under section 107 of this Act or under section 3 of the Navajo Community College Act. No such college *or university* shall be ineligible for such a grant for a fiscal year by reason of the receipt of such a grant for a preceding fiscal year, but no such college *or university* shall be eligible for such a grant for a fiscal year if such college *or university* has been awarded a grant under section 331 of the Higher Education Act of 1965 for such fiscal year.

(b) No grant for the establishment of an endowment fund by a tribally controlled [community college] *college or university* shall be made unless such college *or university* enters into an agreement with the Secretary which—

(1) * * *

(2) provides for the deposit in such trust fund of—

(A) any Federal capital contributions made from funds appropriated under section 306;

(B) a capital contribution by such college *or university* in an amount (or of a value) equal to half of the amount of each Federal capital contribution; and

(C) any earnings of the funds so deposited;

(3) provides that such funds will be deposited in such a manner as to insure the accumulation of interest thereon at a rate not less than that generally available for similar funds deposited at the banking or savings institution for the same period or periods of time;

(4) provides that, if at any time such college *or university* withdraws any capital contribution made by [that college] *such college or university*, an amount of Federal capital contribution equal to twice the amount of (or value of) such withdrawal shall be withdrawn and returned to the Secretary for reallocation to other colleges *and universities*;

* * * * * * *

USE OF FUNDS

SEC. 303. Interest deposited, pursuant to section 302(b)(2)(C), in the trust fund of any tribally controlled [community college] *college or university* may be periodically withdrawn and used, at the discretion of such college *or university*, to defray any expenses associated with the operation of such college *or university*, including expense of operations and maintenance, administration, academic and support personnel, community and student services programs, and technical assistance.

COMPLIANCE WITH MATCHING REQUIREMENT

SEC. 304. For the purpose of complying with the contribution requirement of section 302(b)(2)(B), a tribally controlled [community college] *college or university* may use funds which are available from any private or tribal source. Any real or personal property received by a tribally controlled [community college] *college or university* as a donation or gift on or after the date of the enactment of this sentence may, to the extent of its fair market value as determined by the Secretary, be used by such college *or university* as its contribution pursuant to section 302(b)(2)(B), or as part of such contribution, as the case may be. In any case in which any such real or personal property so used is thereafter sold or otherwise disposed of by such college *or university*, the proceeds therefrom shall be deposited pursuant to section 302(b)(2)(B) but shall not again be considered for Federal capital contribution purposes.

ALLOCATION OF FUNDS

SEC. 305. (a) From the amount appropriated pursuant to section 306, the Secretary shall allocate to each tribally controlled [community college] *college or university* which is eligible for an endowment grant under this title an amount for a Federal capital contribution equal to twice the value of the property or the amount which such college *or university* demonstrates has been placed within the control of, or irrevocably committed to the use of, the college *or university* and is available for deposit as a capital contribution of **[**that college**]** *such college or university* in accordance with section 302(b)(2)(B), except that the maximum amount which may be so allocated to any such college *or university* for any fiscal year shall not exceed $750,000.

(b) If for any fiscal year the amount appropriated pursuant to section 306 is not sufficient to allocate to each tribally controlled **[**community college**]** *college or university* an amount equal to twice the value of the property or the amount demonstrated by such college *or university* pursuant to subsection (a), then the amount of the allocation to each such college *or university* shall be ratably reduced.

AUTHORIZATION OF APPROPRIATIONS

SEC. 306. (a) There are authorized to be appropriated to carry out the provisions of this title, $10,000,000 for fiscal year **[**1993**]** *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

(b) Any funds appropriated pursuant to subsection (a) are authorized to remain available until expended.

TITLE IV—TRIBAL ECONOMIC DEVELOPMENT

SEC. 401. SHORT TITLE.

This title may be cited as the "Tribal Economic Development and Technology Related Education Assistance Act of 1990".

SEC. 402. GRANTS AUTHORIZED.

(a) GENERAL AUTHORITY.—The Secretary is authorized, subject to the availability of appropriations, to make grants to tribally controlled **[**community colleges**]** *colleges and universities* which receive grants under either this Act or the Navajo Community College Act for the establishment and support of tribal economic development and education institutes. Each program conducted with assistance under a grant under this subsection shall include at least the following activities:

(1) * * *

* * * * * * *

SEC. 403. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for grants under this title, $2,000,000 for fiscal year **[**1993**]** *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

VIOLENT CRIME CONTROL AND LAW ENFORCEMENT ACT OF 1994

* * * * * * *

TITLE III—CRIME PREVENTION

* * * * * * *

Subtitle D—Family and Community Endeavor Schools Grant Program

SEC. 30401. COMMUNITY SCHOOLS YOUTH SERVICES AND SUPERVISION GRANT PROGRAM.

(a) SHORT TITLE.—This section may be cited as the "Community Schools Youth Services and Supervision Grant Program Act of 1994".

(b) DEFINITIONS.—In this section—

"child" means a person who is not younger than 5 and not older than 18 years old.

* * * * * * *

"public school" means [a public elementary school, as defined in section 1201(i) of the Higher Education Act of 1965 (20 U.S.C. 1141(i)), and a public secondary school, as defined in section 1201(d) of that Act] *an elementary school as defined in section 14101(14) of the Elementary and Secondary Education Act of 1965, and a secondary school as defined by section 14101(25) of such Act, which are public institutions.*

* * * * * * *

TITLE XX—POLICE CORPS AND LAW ENFORCEMENT OFFICERS TRAINING AND EDUCATION

Subtitle A—Police Corps

* * * * * * *

SEC. 200103. DEFINITIONS.

In this subtitle—

"academic year" means a traditional academic year beginning in August or September and ending in the following May or June.

* * * * * * *

"institution of higher education" has the meaning stated in the first sentence of section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965.*

* * * * * * *

Subtitle B—Law Enforcement Scholarship Program

SEC. 200202. DEFINITIONS.

In this subtitle—

"Director" means the Director of the Office of the Police Corps and Law Enforcement Education appointed under section 200104.

* * * * * * *

"institution of higher education" has the meaning stated in the first sentence of section [1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))] *101(a)(1) of the Higher Education Act of 1965*.

* * * * * * *

SECTION 4 OF THE SCHOOL-TO-WORK OPPORTUNITIES ACT OF 1994

SEC. 4. DEFINITIONS.

As used in this Act:

(1) * * *

* * * * * * *

(11) LOCAL PARTNERSHIP.—The term "local partnership" means a local entity that is responsible for local School-to-Work Opportunities programs and that—

(A) * * *

(B) may include other entities, such as—

(i) * * *

* * * * * * *

(viii) proprietary institutions of higher education (as defined in section [481(b)] *101(a)(3)* of the Higher Education Act of 1965 (20 U.S.C. 1088(b)) that continue to meet the eligibility and certification requirements under title IV of such Act (20 U.S.C. 1070 et seq.);

* * * * * * *

(12) POSTSECONDARY EDUCATIONAL INSTITUTION.—The term "postsecondary educational institution" means an institution of higher education (as such term is defined in section [481] *101(a)(2)* of the Higher Education Act of 1965 (20 U.S.C. 1088)) which continues to meet the eligibility and certification requirements under title IV of such Act (20 U.S.C. 1070 et seq.).

* * * * * * *

EDUCATION OF THE DEAF ACT OF 1986

TITLE I—GALLAUDET UNIVERSITY; NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

PART A—GALLAUDET UNIVERSITY

* * * * * * *

SEC. 103. BOARD OF TRUSTEES.

(a) COMPOSITION OF THE BOARD.—(1) Gallaudet University shall be under the direction and control of a Board of Trustees, composed of [twenty-one] *twenty-two* members who shall include—

(A) three public members of whom (i) one shall be a United States Senator appointed by the President of the Senate, and (ii) two shall be Representatives appointed by the Speaker of the House of Representatives; [and]

(B) eighteen other members, all of whom shall be elected by the Board of Trustees and of whom one shall be elected pursuant to regulations of the Board of Trustees, on nomination by the Gallaudet University Alumni Association, for a term of three years[.]*; and*

(C) the liaison designated under section 206, who shall serve as an ex-officio, nonvoting member.

* * * * * * *

SEC. 104. ELEMENTARY AND SECONDARY EDUCATION PROGRAMS.

(a) * * *

(b) ADMINISTRATIVE REQUIREMENTS.—(1) * * *

* * * * * * *

(3) If a local educational agency, [intermediate educational unit] *educational service agency*, or State educational agency refers a child to, or places a child in, one of the elementary or secondary education programs to meet its obligation to make available a free appropriate public education under part B of the Individuals with Disabilities Education Act, the agency or unit shall be responsible for ensuring that the special education and related services provided to the child by the education program are in accordance with part B of that Act and that the child is provided the rights and procedural safeguards under section 615 of that Act.

(4) If the parents or guardian places a child in one of the elementary or secondary education programs, the University shall—

(A) * * *

* * * * * * *

(C) provide the child a free appropriate public education in accordance with part B of the Individuals with Disabilities Education Act and procedural safeguards in accordance with the following provisions of section 615 of such Act:

[(i) Subparagraphs (A), (C), (D), and (E) of paragraph (1) of subsection (b), and paragraph (2) of such subsection.

[(ii) Subsection (d), except the portion of paragraph (4) requiring that findings and decisions be transmitted to a State advisory panel.

[(iii) Paragraphs (1) through (3) of subsection (e). Paragraph (3) of such subsection is not applicable to a decision by the University to refuse to admit or to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days notice to the child's parents and to the local educational agency in which the child resides.

[(iv) Subsection (f).]

(i) Paragraph (1) and paragraphs (3) through (6) of subsection (b).

(ii) Subsections (e) through (g).

(iii) Subsection (h), except the provision contained in such subsection that requires that findings of fact and decisions be transmitted to the State advisory panel.

(iv) Paragraphs (1) and (2) of subsection (i).

(v) Subsection (j), except that such subsection shall not be applicable to a decision by the University to refuse to admit or to dismiss a child, except that, before dismissing any child, the University shall give at least 60 days notice to the child's parents and to the local educational agency in which the child resides.

(vi) Subsections (k) through (m).

* * * * * * *

SEC. 105. AGREEMENT WITH GALLAUDET UNIVERSITY.

(a) General Authority.—The Secretary and Gallaudet University shall establish, [within 1 year after enactment of the Education of the Deaf Act Amendments of 1992, a new] *and periodically update, an* agreement governing the operation and national mission activities, including construction and provision of equipment, of the elementary and secondary education programs at the University. [The Secretary and the University shall periodically update the agreement as determined to be necessary by the Secretary or the University.] *The necessity of the periodic update referred to in the preceding sentence shall be determined by the Secretary or the University.*

* * * * * * *

Part B—National Technical Institute for the Deaf

* * * * * * *

SEC. 112. AGREEMENT FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

(a) General Authority.—(1) * * *

(2) The Secretary and the institution of higher education with which the Secretary has an agreement [under this section shall, within 1 year after the enactment of the Education of the Deaf Act Amendments of 1992, assess the need for modification of the agreement. The Secretary and the institution of higher education with which the Secretary has an agreement under this section shall also periodically update the agreement as determined to be necessary by the Secretary or the institution.] *under this section—*

(A) shall periodically assess the need for modification of the agreement; and

(B) shall also periodically update the agreement as determined to be necessary by the Secretary or the institution.

(b) PROVISIONS OF AGREEMENT.—The agreement shall—

(1) * * *

* * * * * * *

(3) provide that the Board of Trustees or other governing body of the institution will prepare and submit to the Secretary, not later than June 1 following the fiscal year for which the report is submitted, an annual report containing an accounting of all indirect costs paid to the institution of higher education under the agreement with the Secretary, which accounting the Secretary shall transmit to the Committee on [Education and Labor] *Education and the Workforce* of the House of Representatives and to the Committee on Labor and Human Resources of the Senate, with such comments and recommendations as the Secretary may deem appropriate;

* * * * * * *

TITLE II—GENERAL PROVISIONS

SEC. 201. DEFINITIONS.

As used in this Act—

(1) The term "international student" means an individual who—

(A) * * *

* * * * * * *

(C) is not lawfully admitted for permanent residence in American Samoa, Guam, [Palau (but only until the Compact of Free Association with Palau takes effect),] the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, or the Virgin Islands.

* * * * * * *

(5) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, *and* the Commonwealth of the Northern Mariana Islands[, and Palau (but only until the Compact of Free Association with Palau takes effect).].

* * * * * * *

SEC. 203. AUDIT.

(a) * * *

(b) INDEPENDENT AUDIT.—Gallaudet University shall have an annual independent financial audit made of the programs and activities of the University, *including the national mission and school operations of the elementary and secondary programs*. The institution of higher education with which the Secretary has an agreement under section 112 shall have an annual independent financial audit made of the programs and activities of such institution of higher education, including NTID, and containing specific schedules and analyses for all NTID funds, as determined by the Secretary.

SEC. 204. REPORTS.

The Board of Trustees of Gallaudet University and the Board of Trustees or other governing body of the institution of higher education with which the Secretary has an agreement under section 112 shall prepare and submit an annual report to the Secretary, and to the Committee on [Education and Labor] *Education and the Workforce* of the House of Representatives and the Committee on Labor and Human Resources of the Senate, not later than 100 days after the end of each fiscal year, which shall include the following:

(1) * * *

* * * * * * *

SEC. 205. MONITORING, EVALUATION, AND REPORTING.

(a) * * *

* * * * * * *

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for each of the fiscal years [1993, 1994, 1995, 1996, and 1997] *1999 through 2003* to carry out the monitoring and evaluation activities authorized under this section.

SEC. 206. LIAISON FOR EDUCATIONAL PROGRAMS.

(a) DESIGNATION OF LIAISON.—[Not later than 30 days after the date of enactment of this Act, the] *The* Secretary shall designate an individual in the Office of Special Education and Rehabilitative Services of the Department of Education from among individuals who have experience in the education of individuals who are deaf to serve as liaison between the Department and Gallaudet University, the National Technical Institute for the Deaf, and other postsecondary educational programs for individuals who are deaf under the Individuals with Disabilities Education Act, the Rehabilitation Act of 1973, and other Federal or non-Federal agencies, institutions, or organizations involved with the education or rehabilitation of individuals who are deaf or hard of hearing.

(b) DUTIES OF LIAISON.—The individual serving as liaison for educational programs for individuals who are deaf or hard of hearing shall:

(1) provide information to institutions regarding the Department's efforts directly affecting the operation of such programs by such institutions;

(2) review research and other activities carried out by the University, NTID, and other Federal or non-Federal agencies, institutions, or organizations involved with the education or rehabilitation of individuals who are deaf or hard of hearing for the purpose of determining overlap and opportunities for coordination among such entities; [and]

(3) serve as an ex-officio, nonvoting member of the Board of Trustees under section 103; and

[(3)] *(4)* provide such support and assistance as such institutions may request and the Secretary considers appropriate.

SEC. 207. [20 U.S.C. 4357] FEDERAL ENDOWMENT PROGRAMS FOR GALLAUDET UNIVERSITY AND THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.

(a) * * *

(b) Federal Payments.—

(1) The Secretary shall, consistent with this section, make payments to the Federal endowment funds established under subsection (a) from amounts appropriated under subsection (h) for the fund involved.

[(2) Subject to the availability of appropriations and the non-Federal matching requirements of paragraph (3), the Secretary shall make payments to each Federal endowment fund in amounts equal to sums contributed to the fund from non-Federal sources (excluding transfers from other endowment funds of the institution involved).

[(3) Effective for fiscal year 1993 and each succeeding fiscal year, for any fiscal year in which the sums contributed to the Federal endowment fund of the institution involved from non-Federal sources exceed $1,000,000, the non-Federal contribution to the Federal endowment fund shall be $2 for each Federal dollar provided in excess of $1,000,000 (excluding transfers from other endowment funds of the institution involved).]

(2) Subject to the availability of appropriations, the Secretary shall make payments to each Federal endowment fund in amounts equal to sums contributed to the fund from non-Federal sources during the fiscal year in which the appropriations are made available (excluding transfers from other endowment funds of the institution involved).

(d) Withdrawals and Expenditures.—

(1) * * *

(2)(A) * * *

* * * * * * *

(C) [Beginning on October 1, 1992, the] *The* University and NTID shall maintain records of the income generated from its respective Federal endowment fund for the prior fiscal year.

* * * * * * *

(h) Authorization of Appropriations.—

(1) In the case of the University, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the fiscal years [1993 through 1997] *1999 through 2003.*

(2) In the case of NTID, there are authorized to be appropriated for the purposes of this section such sums as may be necessary for each of the fiscal years 1993 through 1997.

(3) Amounts appropriated under paragraph (1) or (2) shall remain available until expended.

[SEC. 208. SCHOLARSHIP PROGRAM.

[(a) In General.—The Secretary may make grants to institutions of higher education that have teacher training programs in deaf education or special education for the purpose of providing scholarships to individuals who are deaf for careers in deaf education or special education. Such institutions shall give priority consideration in the selection of qualified recipients of the scholarships to individuals from underrepresented backgrounds, particularly minority individuals who are deaf and who are underrepresented in the teaching profession. Grants may be used by institutions to assist in covering the cost of courses of training or study for such individuals and for establishing and maintaining fellowships or traineeships with stipends and allowances as may be determined by the Secretary.

[(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants under subsection (a), there are authorized to be appropriated $2,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 through 1997.]

SEC. [209.] *208.* OVERSIGHT AND EFFECT OF AGREEMENTS.

(a) OVERSIGHT ACTIVITIES.—Nothing in this Act shall be construed to diminish the oversight activities of the Committee on Labor and Human Resources of the Senate and the Committee on [Education and Labor] *Education and the Workforce* of the House of Representatives with respect to any agreement entered into between the Secretary of Education and Gallaudet University, and the institution of higher education with which the Secretary has an agreement under part B of title I.

* * * * * * *

SEC. [210.] *209.* INTERNATIONAL STUDENTS.

[(a) ENROLLMENT.—Effective with new admissions for academic year 1993–1994 and each succeeding academic year, the University (including preparatory, undergraduate, and graduate students) and NTID shall limit the enrollment of international students to approximately 10 percent of the total postsecondary student population enrolled respectively at the University or NTID.]

(a) ENROLLMENT.—A qualified United States citizen seeking admission to the University or NTID shall not be denied admission in a given year due to the enrollment of international students.

* * * * * * *

SEC. [211.] *210.* AUTHORIZATION OF APPROPRIATIONS.

(a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated [such sums as may be necessary for each of the fiscal years 1993 through 1997] *$83,480,000 for fiscal year 1999, $84,732,000 for fiscal year 2000, $86,003,000 for fiscal year 2001, $87,293,000 for fiscal year 2002, and $88,603,000 for fiscal year 2003* to carry out the provisions of this Act, relating to—

(1) Gallaudet University,

(2) Kendall Demonstration Elementary School, and

(3) the model secondary school for individuals who are deaf.

(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated [such sums as may be necessary for each of the fiscal years 1993 through 1997] *$44,791,000 for fiscal year 1999, $46,303,000 for fiscal year 2000, $50,136,000 for fiscal year 2001, $50,818,000 for fiscal year 2002, and $46,850,000 for fiscal year 2003* to carry out the provisions of this Act relating to the National Technical Institute for the Deaf.

SECTION 5 OF THE NAVAJO COMMUNITY COLLEGE ACT

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. (a)(1) For the purpose of making construction grants under this Act, there are authorized to be appropriated $2,000,000 for fiscal year [1993] *1999* and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * * * *

SECTION 4 OF THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967

PROHIBITION OF AGE DISCRIMINATION

SEC. 4. (a) * * *

* * * * * * *

(m) Notwithstanding subsection (f)(2)(B), it shall not be a violation of subsection (a), (b), (c), (e), or (i) solely because a plan of an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))) offers employees who are serving under a contract of unlimited tenure (or similar arrangement providing for unlimited tenure) additional benefits upon voluntary retirement that are reduced or eliminated on the basis of age, if—

> *(1) such institution does not implement with respect to such employees any age-based reduction or elimination of benefits that are not such additional benefits, except as permitted by other provisions of this Act; and*
>
> *(2) with respect to each of such employees who have, as of the time the plan is adopted, attained the minimum age and satisfied all non-age-based conditions for receiving a benefit under the plan, such employee is not precluded on the basis of age from having 1 opportunity lasting not less than 180 days to elect to retire and to receive the maximum benefit that would be available to a younger employee if such younger employee were otherwise similarly situated to such employee.*

TITLE XIII OF THE HIGHER EDUCATION AMENDMENTS OF 1986

[TITLE XIII—EDUCATION ADMINISTRATION

[PART A—SECRETARIAL STUDIES AND EVALUATIONS

[SEC. 1301. SATISFACTORY PROGRESS.

[The Secretary, through the Office of Educational Research and Improvement, shall conduct a survey on the impact, if any, on grades of students of the amendments made by this Act to section 484(c) of the Act. The study required by this subsection shall be conducted over the 5-year period ending September 30, 1991. The

Secretary, after the end of each year of the study, shall submit to the Congress a report of the survey required by this subsection, together with such recommendations as the Secretary deems appropriate.

[SEC. 1302. NATIONAL ENDOWMENT FOR INTERNATIONAL STUDIES.

[(a) Study Required.—The Secretary shall, in consultation with the Director of the United States Information Agency, the Director of the Agency for International Development, the Secretary of State, and the Secretary of Defense, conduct a study on the establishment of a National Endowment for International Studies. The study shall develop a program, a funding plan, and priorities for such an Endowment.

[(b) Conduct of Study.—In carrying out the study required by this section, the Secretary shall consider—

[(1) the extent of the need for international studies programs at all educational levels, not served by title VI of the Act;

[(2) the programs at the Agency for International Development, the United States Information Agency, and the Departments of State, Defense, and Education which can be coordinated to increase the scope and number and kinds of participants in international educational programs;

[(3) the feasibility of an Endowment for International Studies, by whom it shall be administered, and procedures for receiving corporate and other private contributions for supplemental funding, similar to Treasury fund accounts at other Federal agencies; and

[(4) a comprehensive evaluation of the weaknesses and strengths in international education and foreign language training at all levels of education in our Nation and the role of the Endowment to remedy these weaknesses, and encourage expansion of these strengths.

[(c) Report.—The Secretary shall prepare and submit to the Congress, not later than one year after the date of enactment of this section, a report on the study required by this section, together with such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

[SEC. 1303. DATA STUDY REQUIRED.

[(a) Conduct of Studies.—The Secretary, through the Office of Education Research and Improvement, shall conduct the studies required by this section and submit reports thereon to the Congress not later than September 30, 1990. The reports shall contain such recommendations, including recommendations for legislation, as the Secretary deems appropriate.

[(b) Cost Study Required.—(1) The Secretary shall conduct a study on the escalating cost of higher education. The study required by this section shall—

[(A) identify the current cost of obtaining a higher education and determine how that cost has changed in recent years,

[(B) determine the specific causes of such changes in cost and the extent to which those causes have contributed to such changes, [(C) forecast the future cost of obtaining a higher education with consideration given to prospective demographic changes in student enrollments,

[(D) evaluate the impact of such changes in cost on institutions of higher education, their students, and lower- and middle-income families,

[(E) make recommendations on how such changes in cost can be minimized in the future, and

[(F) outline State and Federal policy options which may help to minimize such changes in cost in the future.

[(2) In conducting such study, the Secretary shall give special consideration to the impact of escalating costs on lower- and middle-income students and families, the impact of escalating costs on female and minority students, the impact of escalating costs on the career choices made by students, and the relationship between escalating costs and the Federal student financial assistance programs.

[(3) During the conduct of such study, the Secretary shall consult frequently with the Chairman of the Senate Committee on Labor and Human Resources and the Chairman of the House Committee on Education and Labor.

[(c) STUDENT AID RECIPIENT SURVEY.—(1) The Secretary shall survey student aid recipients on a regular cycle, but not less than once every 3 years—

[(A) to identify the population of students receiving Federal student aid;

[(B) to determine the income distribution and other socioeconomic characteristics of federally aided students;

[(C) to describe the combinations of aid from State, Federal, and private sources received by students from all income groups;

[(D) to describe the debt burden of loan recipients and their capacity to repay their education debts; and

[(E) to disseminate such information in both published and machine readable form.

[(2) The survey shall be representative of full-time and part-time, undergraduate, graduate, and professional and current and former students in all types of institutions, and should be designed and administered in consultation with the Congress and the postsecondary education community.

[(d) TEACHER SUPPLY AND DEMAND.—(1) The Secretary shall utilize the legislative authority under section 406(b) of the General Education Provisions Act to annually assess current and future supply and demand for teachers with particular attention to—

[(A) long-term and short-term shortages of personnel in various subject areas or teaching specialties;

[(B) shortages in particular States or regions;

[(C) the number of minorities entering teaching;

[(D) the number of women and minorities entering educational administration;

[(E) the effect of State curriculum and graduation requirements on the need for teachers in each State;

[(F) the extent to which demographic characteristics of persons currently employed as teachers and persons studying to be teachers match the characteristics of the students in each State (race, age, sex);

[(G) the academic qualifications of prospective teachers and the academic preparation of persons currently preparing to be teachers;

[(H) the effect of the introduction of State mandated teacher competency tests on the demographic and educational characteristics of teachers and the supply of teachers; and

[(I) an assessment of new and emerging specialties and the technologies, academic subjects, and occupational areas requiring vocational education, with emphasis on the unique needs for preparing an adequate supply of vocational teachers of handicapped students, with added emphasis on the preparation required to teach combined classrooms of handicapped, or other highly targeted groups of students and other students within a vocational education setting.

[(2) The analysis conducted under this subsection may include assessment of other educational needs identified by the Congress, including an assessment of the need for instructional equipment and materials in elementary and secondary schools and in institutions of higher education.

[(e) EQUITABLE STUDENT AID FOR FARM FAMILIES.—The Secretary shall conduct a study of financial aid formulas under title IV of the Act for students in postsecondary educational institutions with special attention to devising a more equitable formula for farm families.

[(f) There are authorized to be appropriated $2,700,000 for the fiscal year 1987 and for each of the 2 succeeding fiscal years to carry out the provisions of this section.

[SEC. 1304. EVALUATION OF CONTINUING EDUCATION.

[(a) EVALUATION.—The Secretary shall enter into a contract with a qualified entity to study and evaluate the programs established under part A of title I of this Act.

[(b) SECRETARY'S RESPONSIBILITIES.—The Secretary shall assist in evaluating the status and progress of adult education and postsecondary continuing education in achieving the purposes of this title. Such assistance shall include—

[(1) an analysis of the findings of the report under subsection (a) together with suggestions for improvements in planning or program operation; and

[(2) the provision of an information network on research in adult and continuing education, the operation of model or innovative programs, successful experiences in the planning, administration, and conduct of adult and continuing education programs, and advances in curriculum and instructional practices and technologies.

[(c) REPORT.—Not later than January 1, 1990, the Secretary shall submit a report to the Congress on the program evaluations required under this section and on any progress in fulfilling the goals and purposes of title I of the Act. The Secretary may include in the report appropriate recommendations or legislative proposals.

[SEC. 1305. STUDY OF BANKRUPTCY TREATMENT OF STUDENTS.

[The Secretary shall conduct a study of the treatment of students under chapter 13 of title 11, United States Code, relating to the discharge of student loan indebtedness in bankruptcy proceedings, and of the effect of including such students under that provision of that law. The Secretary shall prepare and submit a report to the Congress on the study required by this section not later than 3 months after the date of enactment of this Act.

[SEC. 1306. STUDY OF PELL GRANT LESS THAN HALF-TIME STUDENTS.

[The Secretary shall conduct a study to determine the number of less than half-time students who would be eligible for Pell grants by reason of having an expected family contribution of $0 and by reason of having an expected family contribution of $0–$200 for the appropriate academic years. The Secretary shall prepare and submit a report to the Congress not later than September 30, 1988, on the results of the study required by this section.

[SEC. 1307. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated $1,000,000 for the fiscal year 1987 and for each of the 2 succeeding fiscal years to carry out the provisions of sections 1301 and 1302.

[PART B—GENERAL ACCOUNTING OFFICE REPORTS

[SEC. 1311. STUDY OF PRACTICES OF STATE GUARANTY AGENCIES AND MULTISTATE GUARANTORS UNDER THE GUARANTEED STUDENT LOAN PROGRAM.

[(a) STUDY REQUIRED.—The Comptroller General shall conduct a complete study of the practices of State guaranty agencies and multistate guarantors under the guaranteed student loan program authorized by part B of title IV of the Act. The study shall investigate, on a comparative basis—

[(1) due diligence practice of lenders;

[(2) default rates and recovery rates on student loans;

[(3) changes in loan volume;

[(4) methods of soliciting student borrowers;

[(5) potential for fraudulent double borrowing by students;

[(6) participation agreements between the types of guarantor and lenders;

[(7) eligible institution participation agreements;

[(8) adequacy of reserved funds in relation to guaranty commitments made by the agency and the default risk which such commitments represent, as reflected by the socio-economic background of the borrowers, the category of institution attended, and the historical experience of the agency;

[(9) types of services provided to lenders, eligible institutions, and borrowers;

[(10) use of funds generated through participation in the guaranteed student loan program by amount and nature of expenses for administrative support for programs other than the guaranteed student loan program;

[(11) to what extent the guarantors meet the requirements of truth-in-lending provisions;

[(12) profile of borrowers and defaulters of loans guaranteed by the agency and an assessment of the default risks inherent in such loans;

[(13) coordination of the loan guaranty program with grant programs;

[(14) general student access to loan assistance; and

[(15) need for administrative cost allowances by particular guaranty agencies in relation to the default risk faced by the agency, the administrative costs incurred, or needed to be incurred by the agency, and other factors relevant to the cost of guaranteeing loans under the program.

[(b) REPORT.—The Comptroller General of the United States shall prepare and submit a report, not later than 2 years after the date of enactment of this Act, to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives on the findings of the study required by subsection (a) of this section, together with such recommendations as the Comptroller General deems appropriate.

[SEC. 1312. STUDY OF USE OF MULTIPLE-YEAR LINES OF CREDIT.

[The Comptroller General shall evaluate the feasibility and efficiency of permitting students to establish lines of credit with eligible lenders under part B of title IV of the Act that cover more than 2 years of attendance at an institution of higher education. Such evaluation shall determine the extent to which such an arrangement would reduce the administrative costs associated with making separate loans annually under such part. In conducting such evaluation, the Comptroller General shall consult institutions of higher education and eligible lenders under such part. Within 2 years after the date of enactment of this Act, the Comptroller General shall submit to the Congress a report on the results of such evaluation together with such recommendations as the Secretary considers appropriate.

[SEC. 1313. STUDY OF MULTIPLE DISBURSEMENT.

[The Comptroller General shall evaluate the impact of the multiple disbursement system required for student loans under part B of title IV of the Act on the ability of both students and institutions of higher education to meet their expenses as they arise. Such evaluation shall include an assessment of any other impacts of such system on such students or institutions that the Comptroller General determines to be significant. A report on the results of such evaluation shall be submitted to the Congress not later than 2 years after the date of enactment of this Act.

[SEC. 1314. STUDENT LOAN CONSOLIDATION.

[The Comptroller General shall evaluate the cost, efficiency, and impact of the consolidation loan program established by the amendments made by this Act to part B of title IV of the Act and shall report to the Congress not later than 2 years after the date of enactment of this Act on the findings and recommendations required by this subsection. Nothing in this section shall be interpreted to authorize the Secretary to require lenders, holders, or guarantors to maintain or report records relating to the loans discharged by borrowers in receiving a consolidation loan pursuant to section 428C of the Act.

[PART C—COSTS OF POSTSECONDARY EDUCATION

[SEC. 1321. NATIONAL COMMISSION ON RESPONSIBILITIES FOR FINANCING POSTSECONDARY EDUCATION.

[(a) FINDINGS.—The Congress finds—

[(1) that institutions of higher education in our Nation and their human and intellectual resources are critical to the future of the American society, and the Nation's economic potential, its strength, security, and freedom, and the quality of life for all citizens are tied to the quality and extent of higher education available;

[(2) that it is the responsibility of the Federal Government to establish a clearly defined national policy regarding—

[(A) the role and expectations of respective institutions in society (the family unit, institutions of higher education, government, and the individual in financing the costs of postsecondary education); and

[(B) the most efficient and effective use of limited Federal, State, and private resources for supplementing the family effort in financing postsecondary education and for creating incentives for individuals and families to plan for financing postsecondary education; and

[(3) the appropriate response to economic, budgetary, demographic, and social changes which will require individuals, families, institutions of higher education, and government to plan and adapt to the future needs for student financial assistance for postsecondary education.

[(b) ESTABLISHMENT OF THE COMMISSION.—(1) There is established as an independent agency in the executive branch a commission to be known as the National Commission on Responsibilities for Financing Postsecondary Education (hereafter in this section referred to as the "Commission").

[(2) The Commission shall be composed of 9 members, 3 of whom shall be appointed by the President, 3 of whom shall be appointed by the Speaker of the House of Representatives, and 3 of whom shall be appointed by the majority leader of the Senate. The membership of the Commission shall provide expertise and experience in the provision and financing of postsecondary education, including student financial aid administrators, secondary school administrators, individuals skilled in education economics research, individuals having expertise in the development of standards and systems of need analysis for student assistance programs, and individuals with particular expertise in credit financing for postsecondary education.

[(c) DUTIES OF THE COMMISSION.—

[(1) IN GENERAL.—The Commission shall study and investigate the extent to which—

[(A) there is a consistent and coherent Federal policy regarding the appropriate family role in financing the costs of postsecondary education for family members;

[(B) the current Federal laws and regulations promote the stated Federal policy; and

[(C) the extent to which State laws which remove parental responsibilities for children over 18 years of age conflict with Federal policy in this area.

[(2) Report and recommendations.—The Commission shall—

[(A) summarize the appropriate findings of the National Commission on Student Financial Assistance;

[(B) recommend to the Congress a comprehensive analysis on the extent to which a consensus exists regarding the appropriate role of the family in financing postsecondary education; and

[(C) to the extent that a consensus exists, recommend changes in current law that would be required to achieve the desired Federal policy, including recommendations on Federal incentives to encourage families to plan and save for their financial responsibilities in financing postsecondary education for family members taking into account the needs of future generations.

[(d) Specific Requirements.—In carrying out its responsibilities under subsection (c), the Commission shall make a study of the following areas:

[(1) Need analysis.—

[(A) The most appropriate mechanisms for measuring student and family ability to pay for postsecondary education.

[(B) The incentives and disincentives for family saving in existing need analysis systems.

[(C) The feasibility and impact of different need analysis systems and eligibility formulas for determining student and family contributions for Federal and non-Federal grant, loan, and work-study programs.

[(D) The extent to which existing systems of need analysis take into account the circumstances of older and nontraditional students, students with minor dependents, and divorced and separated parents.

[(E) The extent to which existing systems of need analysis recognize differing regional economic conditions.

[(F) The feasibility of a simplified need analysis system for determining ability to pay for low-income families, economically disadvantaged families, and families receiving public assistance benefits.

[(G) The postsecondary education financing partnership, and the impact of external influences, such as economic conditions or State-level initiatives, that affect the balance of financial support among students and their families, the Federal Government, States, postsecondary institutions, credit institutions, and the private sector.

[(2) Student independence.—The most appropriate mechanisms and factors to be considered in determining student independence and self-support and in determining when families should be expected to provide parental financial information in determining expected family contributions for Federal student assistance programs.

[(3) Parental responsibility.—In consultation and cooperation with associations of higher education institutions and administrators, secondary schools, student and parent associations, and other organizations, the most effective means of reinforcing and promoting the principle of parental responsibility for contributing, to the extent that they are able, to the costs of their children's postsecondary education.

[(4) Student responsibility.—The most effective mechanisms for measuring student ability to contribute to educational cost through earnings and savings, the extent to which such mechanisms reflect the circumstances of students from disadvantaged families, and the existing levels of student contributions from past, current, and future earnings.

[(5) Institutional responsibility.—The most effective mechanisms of reinforcing and promoting the principle of institutional responsibility for providing need-based aid to students attending postsecondary institutions.

[(6) Governmental responsibility.—The most efficient and appropriate mechanisms for providing student assistance from the various levels of government.

[(7) Early information, planning, and information technology.—The extent to which programs providing early information on postsecondary education, costs, and financial aid programs to students and their families influence educational opportunity and family saving.

[(e) Administration of the Commission.—

[(1) Rate of pay.—Members of the Commission who are not full-time officers or employees of the United States and who are not Members of Congress may, while serving on business of the Commission, be compensated at a rate not to exceed the rate specified at the time of such service for Grade GS–18 of the General Schedule as authorized by section 5332 of title 5, United States Code, for each day, or any part of a day, they are engaged in the actual performance of Commission duties, including travel time; and while so serving away from their homes or regular places of business, all members of the Commission may be allowed travel expenses, including per diem in lieu of susbsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

[(2) Temporary exemption.—Subject to such rules as may be adopted by the Commission, the Chairperson, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, shall have the power to—

[(A) appoint a Director or Executive Director who shall be paid at a rate not to exceed the rate of basic pay for GS–18 of the General Schedule; and

[(B) appoint and fix the compensation at a rate not to exceed the rate payable at the GS–18 rate of such other personnel as the Chairperson considers necessary.

[(3) Authority to contract.—Subject to the Federal Property and Administrative Services Act of 1949, as amended, the Commission is authorized to enter into contracts with Federal and State agencies, private firms, institutions, and individuals for the conduct of activities necessary to the discharge of its duties and responsibilities.

[(4) SOURCE OF ADMINISTRATIVE SUPPORT.—Financial and administrative support services (including those related to budget and accounting, financial reporting, payroll, and personnel) shall be provided to the Commission by the General Services Administration (or other appropriate organization) for which payment shall be made in advance or by reimbursement, from funds of the Commission, in such amounts as may be agreed by the Chairperson of the Commission and the Administrator of General Services.

[(5) AUTHORITY TO HIRE EXPERTS AND CONSULTANTS.—The Commission is authorized to procure temporary and intermittent services of experts and consultants as are necessary to the extent authorized by section 3109 of title 5, United States Code, but at rates not to exceed the rate specified at the time of such service for grade GS–18. Experts and consultants may be employed without compensation if they agree to do so in advance.

[(6) AUTHORITY FOR DETAIL OF EMPLOYEES.—Upon request of the Commission, the head of any Federal agency is authorized to detail on a reimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this section.

[(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part $1,000,000.

[(g) TERMINATION.—The Commission shall terminate 2 years after the first meeting of the members.

[PART E—NATIONAL ACADEMY OF SCIENCES STUDY

[SEC. 1341. VOLUNTEERS.

[(a) STUDY REQUIRED.—The National Academy of Sciences shall conduct a thorough study of how volunteers can best be used in the classroom. The study required by this section shall include—

[(1) the feasibility of using recipients of student loans made, assured, or guaranteed under part B of title IV of the Act or part E of such title as part of repayment of such loans;

[(2) the use of older Americans as such volunteers;

[(3) the use of business persons and other professionals as volunteers; and

[(4) the place of incentives to encourage volunteerism.

The study required by this section shall examine the methods of using volunteers designed to provide the greatest flexibility for local educational agencies.

[(b) REPORT REQUIRED.—Not later than one year after the date of entering into a contract with the Department of Education for the study described in this section, the National Academy of Sciences shall prepare and submit to the Congress a report, together with a description of programs on the use of volunteers and with such recommendations as deemed appropriate.

[(c) AVAILABILITY OF FUNDS.—The Secretary shall, from funds available for the administration of the Department of Education, make available not to exceed $500,000 for the study required by this section.

[PART F—FAULKNER UNIVERSITY

[SEC. 1351. RELIEF OF LIABILITY.

[(a) RELIEF OF LIABILITY.—Faulkner University (formerly Alabama Christian College) of Montgomery, Alabama, is relieved of all liability—

[(1) to repay to the United States the sum of $147,681.39, plus accrued interest, and

[(2) to pay $7,822.50 to the National Direct Student Loan Fund of the Faulkner University,

representing payments inadvertently made pursuant to subpart 1 and subpart 2 of part A and part C of title IV of the Higher Education Act of 1965 and direct student loans inadvertently made Under part E of such title IV prior to the receipt of eligibility status for the junior and senior years of the baccalaureate degree programs offered by Faulkner University. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for the amount for which liability is relieved by this section.

[(b) SPECIAL RULE.—For the purpose of part B of title IV of the Higher Education Act of 1965, each student in attendance at the Faulkner University of Montgomery, Alabama, receiving a federally insured loan for the academic year 1981–1982 and for the academic year 1982–1983 pursuant to such part B shall be deemed to be in attendance at an eligible institution for that academic year.

[PART G—ALIEN YOUTH EDUCATION OPPORTUNITY PANEL

[SEC. 1361. DENIAL OF STUDENT ASSISTANCE TO CERTAIN NONCITIZENS.

[(a) ESTABLISHMENT OF PANEL.—(1) There is established in the Department of Education a panel to be known as the "Alien Youth Education Opportunity Panel" (hereafter in this section referred to as the "Panel").

[(2) The Panel shall be composed of 7 members, 3 of whom shall be appointed by the Secretary, 2 of whom shall be appointed by the Speaker of the House of Representatives, and 2 of whom shall be appointed by the Majority Leader of the Senate.

[(b) DUTIES OF PANEL.—The Panel shall study and investigate the extent to which the requirements of section 484(a)(5) of the Act result in the denial of student assistance to long-term residents of the United States who have graduated from United States high schools and the extent to which that denial deprives those individuals of an equal educational opportunity.

[(c) REPORT AND RECOMMENDATIONS.—The Panel shall submit a report of its findings and recommendations to the Secretary, the President, and the Congress not later than 2 years after the date of enactment of this section.

[(d) ADMINISTRATIVE AND CLERICAL SUPPORT.—The Secretary shall provide the Panel with such administrative and clerical support as it may require to carry out its activities under this section.

[(e) COMPENSATION AND EXPENSES.—(1) Members of the Panel who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

[(2) Members of the Panel who are not officers or full-time employees of the United States may each receive reimbursement for travel expenses incident to attending Panel meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

[(f) Access to Information.—The Panel is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Panel.

[Part H—Boston College

[SEC. 1371. DEBT PROVISION.

[The Secretary is directed to cancel all annual debt service obligations of the receiving institution for fiscal years 1987, 1988, 1989, and 1990 of which the total amount to be cancelled shall not exceed $2,700,000 adjusted as required in fiscal year 1990, for the Department of Education Project Loan #5-1-00665-0 dated August 5, 1981, and shall adjust the loan agreement to reflect the change required by this section without any other provision of law being applicable.

[Part I—Carl Albert Congressional Research and Studies Center

[SEC. 1381. APPROPRIATION PROVISION.

[Funds appropriated in Public Law 97–377 under the heading "HIGHER AND CONTINUING EDUCATION", for the Carl Albert Congressional Research and Studies Center, under the terms of H.R. 3598 (97th Congress) shall be available as a direct appropriation without regard to section 4(a) of H.R. 3598 (97th Congress).]

ADDITIONAL VIEWS OF MICHAEL N. CASTLE

The purpose of the Higher Education Act is to increase access to higher education through a variety of programs, most importantly the financial aid programs. Ensuring access to higher education, however, should be a broad effort that post-secondary institutions actively participate in.

Most parents, regardless of their income, are concerned about how their children are going to be able to afford higher education. In response to this concern, Chairman McKeon initiated legislation to establish the Commission on the Cost of Higher Education to investigate trends of college tuition and to make recommendations to slow the rate of tuition increases.

H.R. 6 includes an amendment offered by Chairman McKeon and myself that codifies the recommendations of the National Committee on the Cost of Higher Education. Among other provisions, it requires the Department of Education to review student financial assistance regulations every two years, and where possible repeal, consolidate, or simplify those regulations. It also provides federal support for innovative projects addressing issues of productivity, efficiency, quality improvement, and cost control. And it requires GAO to issue a yearly report to Congress on various college cost factors and tuition increases.

But one of the most important provisions is the one requiring the Secretary of Education to work with colleges to develop a clear set of standards for reporting college costs and prices. With this in hand, colleges and universities will be well-positioned to provide valuable information to students and families that enables them to make accurate comparisons. They will have a clear sense of what their college tuition buys them, what institutions' financial priorities are. This valuable information could guide consumer choices, and may have some influence on institutions' spending decisions.

I offered an amendment, which I withdrew, to require institutions to report cost and tuition information to students and families. I think it makes sense for institutions to be financially transparent, and accountable for their spending decisions. My amendment required schools seeking Title IV financial aid to report the amount of, and annual percentage increase in, the charges for tuition, fees, room, and board, for the last five years.

In addition, it required schools to disclose the amount spent on teaching and instruction; academic support services for students; other student support services; buildings and facilities; research; general administrative expenses; and grants, scholarships, tuition remission, or other student financial aid for the last year and as an average for the 5 most recently completed academic years.

I ultimately withdrew this amendment because I'd rather see this reporting happen voluntarily. This is data that schools could easily make available to families. I'm attaching some charts submitted to the National Commission on the Cost of Higher Education in November by Harvard University President Neil Rudenstein, that contain the kind of information I think families would like to see.

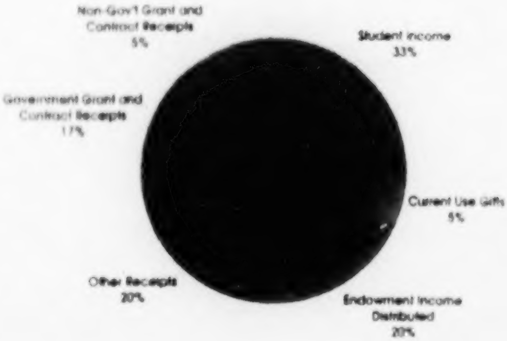
The reasons behind tuition trends are multi-faceted and complex. I do not mean to suggest that mere reporting and accountability will reverse unfavorable trends by themselves. But reporting and accountability could have a distinct impact on these trends by focusing attention on institutional priorities, and perhaps raising questions. The answers to these questions are certainly part of the solution to making post-secondary education more affordable.

MICHAEL N. CASTLE.

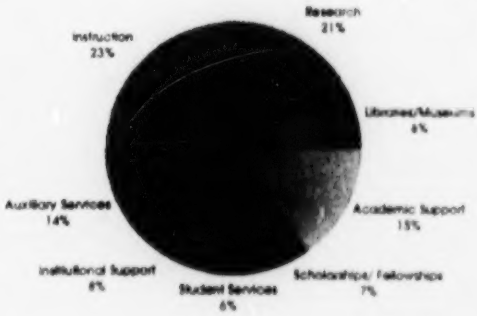
Harvard University: Total Income and Expenses Year Ended June 30, 1996

Expressed in thousands of dollars

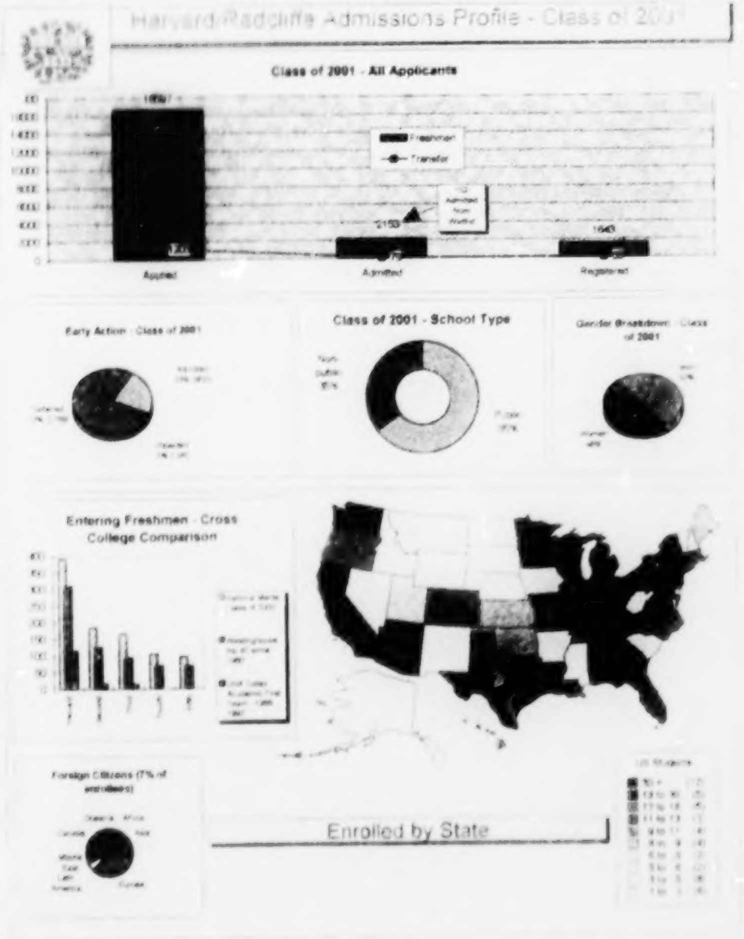
otal Income - $1,518,711

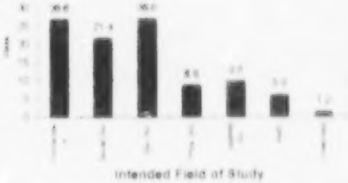


'otal Expenses - $1,520,985

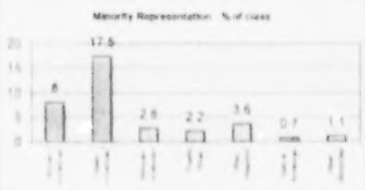


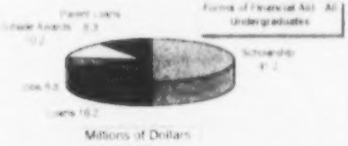
[illegible] FINANCIAL REPORT TO THE BOARD OF OVERSEERS


Harvard/Radcliffe Admissions Profile - Class of 2001
Class of 2001 - All Applicants
Freshmen
Transfer
2153
1640
Applied
Admitted
Registered
Early Action - Class of 2001
Class of 2001 - School Type
Non-public
Public
Gender Breakdown - Class of 2001
Entering Freshmen - Cross College Comparison
Foreign Citizens (7% of enrollees)
Oceania
Africa
Canada
Asia
Middle East
Latin America
Europe
Enrolled by State
US Students

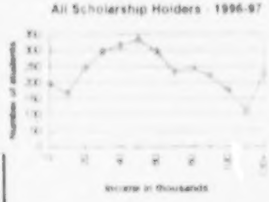


Intended Field of Study


Minority Representation - % of class


Forms of Financial Aid - All Undergraduates

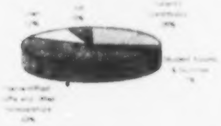
Millions of Dollars

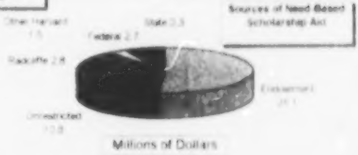

All Scholarship Holders - 1996-97

Typical Package for Freshman Scholarship holders - 1998 budget

$32,500

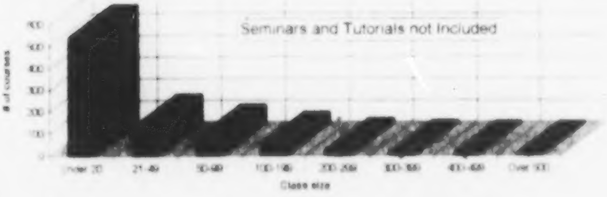
(46% of Freshmen on scholarship)




Sources of Need-Based Scholarship Aid

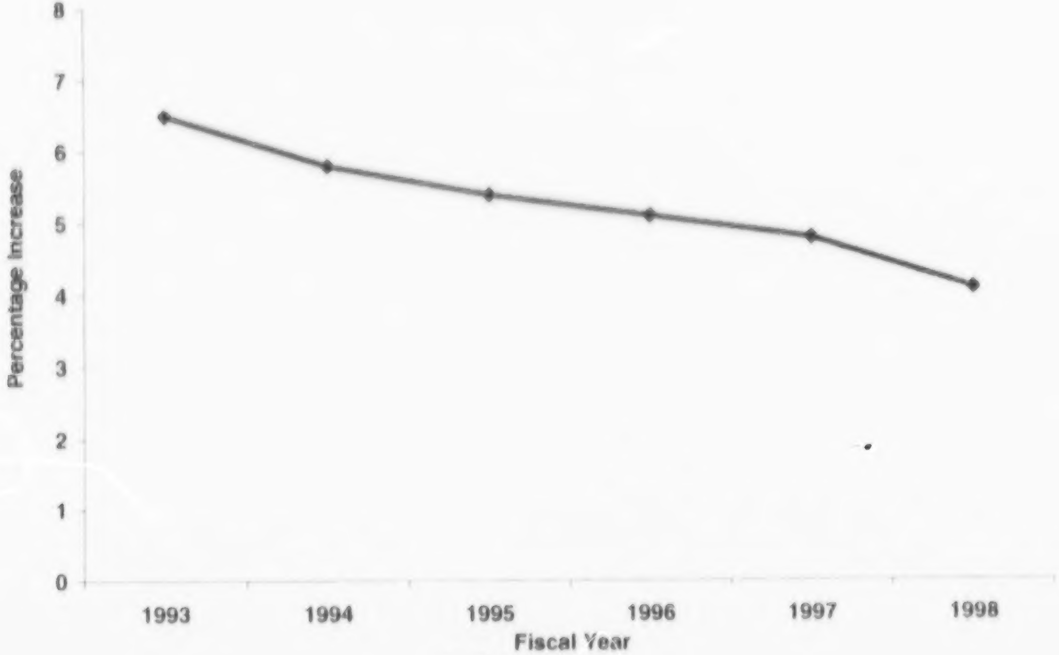
Millions of Dollars

Data on Course Enrollment

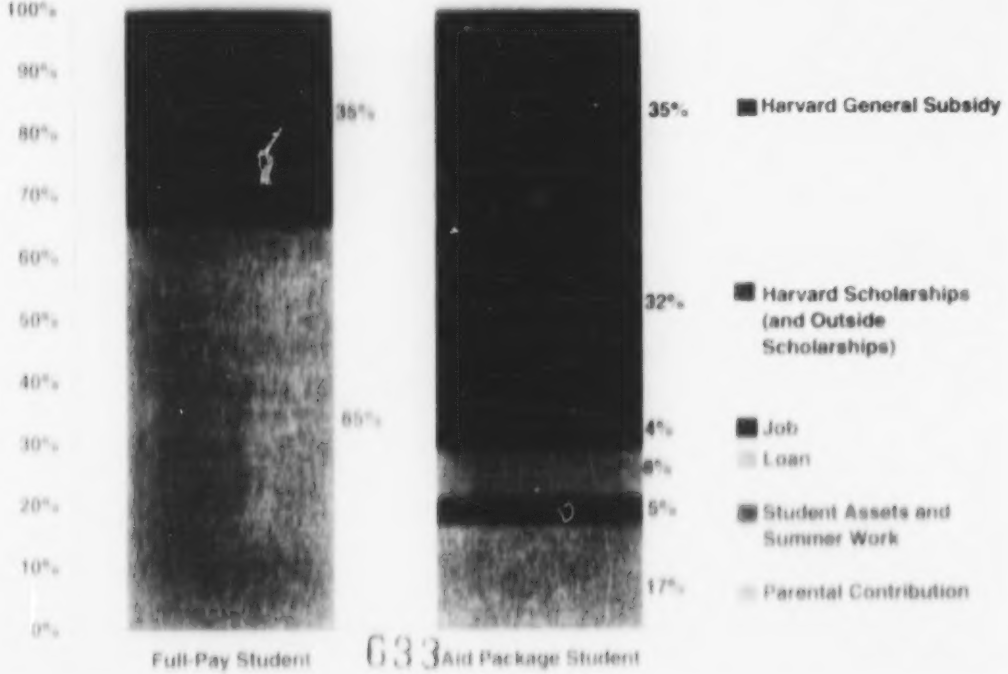


97% will graduate within 5 years

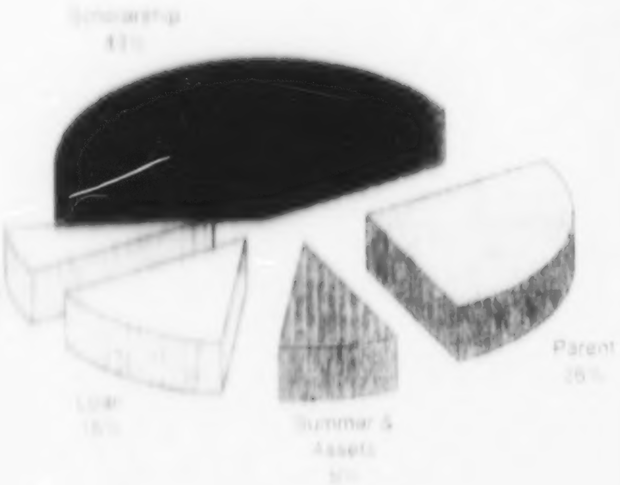
Harvard College Tuition and Fees: FY1993-1998



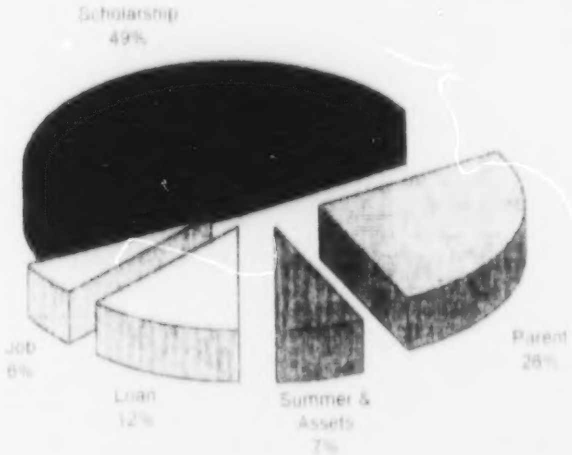
Undergraduate Education at Harvard
Who Pays and How



Typical Aid Package 1980-81



Typical Aid Package 1997-98



ADDITIONAL VIEWS OF HON. TOM PETRI

The committee report states that the Direct Student Loan Program "has no market forces operating within it." This is not correct. Many of the functions of that program are performed by non federal contractors, and all of those services are procured in a competitive bid process, which is clearly a market process for determining how much such contractors should be paid. In addition, the cost of capital for Direct Loans is set in a market process when the federal government sells securities. It is the FFEL program, in contrast, which today has virtually no market processes for determining what non federal parties are paid for their services.

TOM PETRI.

ADDITIONAL VIEWS

TEACHER TRAINING

We agree that there is a strong need to improve the quality of the teaching force nationwide. The minority believes there is a shortage of highly trained quality teachers—particularly in areas which serve large numbers of low-income and minority students. For this reason, a program designed to improve the quality of instruction must also contain a significant teacher recruitment provision.

In addition, the minority believes that if there is to be meaningful teacher reform, then all parties involved in the recruitment, training, licensing and placement of teachers must be included in the process. Meaningful partnerships which include local educational agencies, institutions of higher education and state teacher licensing agencies must be established. Providing competitive block grants to the Governors is not an acceptable substitute for genuine local involvement by local schools, and institutions of higher education, and community education leaders.

During the full Committee markup of H.R. 6, Representative Kildee (D–MI) offered a Democratic alternative which addressed the issues of improving the quality of instruction and the undersupply of highly qualified teachers. The amendment proposed creating strong partnerships between institutions of higher education, state education agencies (including state licensing agencies) and local education agencies (Including local community organizations) designed to strengthen how teachers are trained. It encourages, through partnerships, the creation of a more diverse teaching force through the recruitment and preparation of minority individuals, including language minority individuals, and individuals with disabilities, to enter teaching. Further, it requires that teachers have demonstrated subject matter knowledge, teaching knowledge, and teaching skills necessary to teach effectively.

The Democratic alternative creates a discretionary grant program operated by the Secretary until such time as funding exceeds $335 million. Above that funding level, the program would be formula driven to the state higher education agencies. It would provide scholarships and loan forgiveness as well as support services as part of a teacher recruitment initiative. In addition, it places emphasis upon recruiting paraprofessionals and persons from nontraditional areas (military retirees, corporate and scientific retirees, etc.) who have a high potential for teaching.

The Democratic alternative provides for a mentoring and induction period for new teachers; ensures areas most in need receive priority in receiving new teachers with increased skills; calls for greater accountability for institutions preparing teachers; provides support for improving the quality of counselors; and provides alternative routes to teacher certification. In short, the Democratic alternative is a far more comprehensive and inclusive effort to improve the quality of instruction received by our nation's school children. The minority members of the Committee will continue to work with the majority to strengthen the provisions on teacher training currently contained in H.R. 6.

We strongly oppose the bill's elimination of funding for the National Board of Professional Teaching Standards.

The National Board of Professional Teaching Standards was created in 1987 after the Carnegie Forum on Education and the Economy's Task Force on Teaching as a Profession released "A Nation Prepared: Teachers for the 21st Century." The report called for the creation of a National Board to "establish high standards for what teachers need to know and be able to do, and to certify teachers who meet that standard."

The National Board has developed assessments that measure the skills and knowledge of teachers in seven specialties. Funding from the U.S. Department of Education is critical to helping the National Board complete the development of the assessments for certificates in other fields. The Board also receives funds from private foundations, corporations, and revenue from certification fees.

The work of the Board is critical in our nation's efforts to raise standards for teachers. It is important because it invites experienced teachers to open their practice to rigorous examination and provides us with models of exemplary teaching. It gives us a way to determine what accomplished teaching looks like. Currently, only about half of the nation's teachers have access to National Board certification. It is critical that the Board receive federal funding to complete the development of the unfinished certificate areas so that all teachers have the opportunity to seek National Board certification.

GUARANTY AGENCY PROVISIONS

The Department of Education opposes H.R. 6's guaranty agency provisions. It believes the bill establishes excessive fees and counter-productive incentives that will result in poor guaranty agency performance and greater federal taxpayer cost. The Department may recommend the following changes:

The Secretary of Education should approve the use of the operating fund for student related activities; State approval should also be provided;

Base the portfolio/account maintenance fees on the current outstanding balance of loans rather than original principal;

Reduce the guaranty agency collection retention to 18.5% and use the savings to reduce the student origination fees;

Delete the provision in the House bill to deposit interest from the reserve fund into operating funds; and

Begin the default-aversion period at 120 days rather than 60 days.

These recommendations deserve serious consideration.

637

REDUCING STUDENT FEES

Students are currently required to pay a 4% loan origination fee (technically under the FFEL program the loan origination fee is 3% and there is a 1% guaranty agency insurance fee).

The loan origination fees were imposed on students in the 1980's as a temporary revenue measure—they were never intended to be permanent. Also, many students are not aware of these hidden fees until they are deducted from their loan proceeds.

We believe that these fees should be phased-out. Elimination of these fees would provide additional funds to students up front, at the time that loan funds are needed to pay for the cost of attendance.

William L. Clay.
Dale E. Kildee.
Major R. Owens.
Tim Roemer.
Lynn Woolsey.
Chaka Fattah.
Carolyn McCarthy.
Ron Kind.
Harold E. Ford, Jr.
George Miller.
Matthew G. Martinez.
Donald M. Payne.
Robert E. Andrews.
Bobby Scott.
Carlos Romero-Barceló.
Rubén Hinojosa.
John F. Tierney.
Loretta Sanchez.
Dennis J. Kucinich.

DISSENTING VIEWS OF HON. RON PAUL

I. INTRODUCTION

Congress should reject HR 6, the Higher Education Act Amendments of 1998, because this bill furthers the federal stranglehold over higher education. Instead of furthering federal control over education, Congress should focus on allowing Americans to devote more of their resources to higher education by dramatically reducing their taxes. There are numerous proposals to do this before this Congress. For example, the Higher Education Affordability and Availability Act (HR 2847), of which I am an original cosponsor, allows taxpayers to deposit up to $5,000 per year in a pre-paid tuition plan without having to pay tax on the interest earned, thus enabling more Americans to afford college. This is just one of the many fine proposals to reduce the tax burden on Americans so they can afford a higher education for themselves and/or their children. Other good ideas which I have supported are the PASS A+ accounts for higher education included in last year's budget, and the administration's HOPE scholarship proposal, which I was one of the few members of the majority to champion. Although the various plans I have supported differ in detail, they all share one crucial element: each allows individuals the freedom to spend their own money on higher education rather than forcing taxpayers to rely on Washington to return to them some percentage of their tax dollars to spend as bureaucrats see fit.

Federal control inevitably accompanies federal funding, because politicians cannot resist imposing their preferred solutions for perceived "problems" on institutions dependent upon taxpayer dollars. The prophetic soundness of those who spoke out against the creation of federal higher education programs in the 1960's because they would lead to federal control of higher education is demonstrated by numerous provisions in HR 6. Clearly federal funding is being used as an excuse to tighten the federal noose around both higher and elementary education.

II. HR 6 SHOULD BE OPPOSED BECAUSE IT CREATES AN UNCONSTITUTIONAL TEACHER TRAINING PROGRAM

One particular objectionable feature of the Higher Education Reauthorization Act is that this act creates four new federal programs at a cost to the taxpayers of approximately $318.5 million. One can only approximate the cost because some of the programs have not yet been scored by the Congressional Budget Office. Voting to create new programs without a clear idea of how much they will cost does not seem to be responsible stewardship of the taxpayers' money.

The most objectionable program is "teacher training." The Federal Government has no constitutional authority to dictate, or "encourage," states and localities to adopt certain methods of education. Yet, this Congress is preparing to authorize the federal government to bribe states, with monies the federal government should never have taken from the people in the first place, to adopt teacher training methods favored by a select group of DC-based congressmen and staffers.

As HR 6 was being drafted and marked-up, some Committee member did attempt to protect the interests of the taxpayers by refusing to support authorizing this program unless the spending was offset by cuts in other programs. Unfortunately, some members who might have otherwise opposed this program supported it at the Committee mark-up because of the offset.

While having an offset for the teacher training program is superior to authorizing a new program, at least from an accounting perspective, supporting this program remains unacceptable for two reasons. First of all, just because the program is funded this year by reduced expenditures is no guarantee the same formula will be followed in future years. In fact, given the trend toward ever-higher expenditures in federal education programs, it is likely that the teacher training program will receive new funds over and above any offset contained in this authorizing legislation.

Second, and more importantly, the 10th amendment does not prohibit federal control of education without an offset, it prohibits all programs that centralize education regardless of how they are funded. Savings from defunded education programs should be used for education tax cuts and credits, not poured into new, unconstitutional programs.

III. HR 6 IMPOSES NEW, UNCONSTITUTIONAL MANDATES ON INSTITUTIONS OF HIGHER EDUCATION IN THE NAME OF FIGHTING CAMPUS CRIME

Another unconstitutional interference within HR 6 is the provision creating new federal mandates on institutes of higher education regarding the reporting of criminal incidents to the general public. Once again, the federal government is using its funding of higher education to impose unconstitutional mandates on colleges and universities.

Officials of the Texas-New Mexico Association of College and University Police Departments have raised concerns about some of the new requirements in this bill. Two provisions the association finds particularly objectional are those mandating that campus report incidents of arson and report students referred to disciplinary action on drug and alcohol charges. These officials are concerned these expanded requirements will lead to the reporting of minor offenses, such as lighting a fire in a trash can or a 19-year-old student caught in his room with a six-pack of beer as campus crimes, this, distorting the true picture of the criminal activity level occurring on campus.

The association also objects to the requirement that campuses make police and security logs available to the general public within two business days as this may not allow for an intelligent interpretation of the impact of the availability of the information and may compromise an investigation, cause the destruction of evidence, or the flight of an accomplice. Furthermore, reporting the general location, date, and time for a crime may identify victims against their will in cases of sexual assault, drug arrests, and burglary investigations. The informed views of those who deal with campus crime on a daily basis should be given their constitutional due rather than dictating to them the speculations of those who sit in Washington and presume to mandate a uniform reporting system for campus crimes.

Another offensive provision of the campus crime reporting section of the bill that has raised concerns in the higher education community is the mandate that any campus disciplinary proceeding alleging criminal misconduct shall be open. This provision may discourage victims, particularly women who have been sexually assaulted, from seeking redress through a campus disciplinary procedure for fear they will be put "on display." For example, a student at Miami University in Ohio recently chose to seek redress over a claim of sexual assault "* * * through the university, rather than the county prosecutor's office, so that she could avoid the publicity and personal discomfort of a prosecution," (affidavit, p. 5, State of Ohio, ex. rel. *The Miami Student, et al.* v. *Miami University, et. al,* Case No. 9601596 Supreme Court of Ohio). Assaulting the privacy rights of victimized students by taking away the option of a campus disciplinary proceeding is not only unconstitutional but immoral.

IV. HR 6 FURTHER INVOLVES THE GOVERNMENT IN EDUCATIONAL CENTRAL PLANNING

The Higher Education Reauthorization Act also contains a section authorizing special funding for programs in areas of so-called "national need" as designated by the Secretary of Education. This is little more than central planning, based on the fallacy that omnipotent "experts" can easily determine the correct allocation of educational resources. However, basic economics teaches that a bureaucrat in Washington cannot determine "areas of national need." The only way to know this is throughout the interaction of students, colleges, employers, and consumers operating in a free-market, where individuals can decide what higher education is deserving of additional resources as indicated by employer, and ultimately consumer, workplace demand.

V. CONCLUSION

The Higher Education Act of 1998 expands the unconstitutional role of the federal government in education by increasing federal control over higher education, as well as creating a new teacher training program. This bill represents more of the same, old "Washington knows best" philosophy that has so damaged American education over the past century. Congress should therefore reject this bill and instead join me in working to defund all unconstitutional programs and free Americans from the destructive tax and monetary policies of the past few decades, thus making higher education more readily available and more affordable for millions of Americans.

RON PAUL.